OHIO AUDITOR OF STATE
KEITH FABER

TIFFIN CITY SCHOOL DISTRICT
SENECA COUNTY
JUNE 30, 2021

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SENECA COUNTY
JUNE 30, 2021

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INDEPENDENT AUDITOR'S REPORT

Tiffin City School District
Seneca County
244 South Monroe Street
Tiffin, Ohio 44883

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Tiffin City School District, Seneca County, Ohio (the District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of the District, as of June 30, 2021, and the respective changes in financial position thereof and the budgetary comparisons for the General fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in Note 3 to the financial statements, during 2021, the District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. We did not modify our opinion regarding this matter.

As discussed in Note 21 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *management's discussion and analysis*, and schedules of net pension and other post-employment benefit liabilities and pension and other post-employment benefit contributions listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information

Our audit was conducted to opine on the District's basic financial statements taken as a whole.

The Schedule of Expenditures of Federal Awards presents additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and is not a required part of the financial statements.

The schedule is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this information to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 18, 2022, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Keith Faber
Auditor of State
Columbus, Ohio

April 18, 2022

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The management's discussion and analysis of Tiffin City School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2021. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2021 are as follows:

- In total, net position of governmental activities decreased $816,630 from fiscal year 2020.

- General revenues accounted for $28,191,347 in revenue or 73.49 percent of all revenues. Program specific revenues in the form of charges for services, grants and contributions accounted for $10,169,920 or 26.51 percent of total revenues of 38,361,267.

- The District had $39,177,897 in expenses related to governmental activities; $10,169,920 of these expenses was offset by program specific charges for services, and grants and contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of $28,191,347 were not adequate to provide for these programs.

- The District's only major governmental fund is the General Fund. The General Fund had $30,207,576 in revenues and other financing sources and $29,704,333 in expenditures and other financing uses. During fiscal year 2021, the General Fund's fund balance increased $503,243 from a balance $15,144,277 to $15,647,520.

Using the Financial Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The statement of net position and statement of activities provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other nonmajor funds presented in total in one column. The District's only major fund is the General Fund.

Reporting the District as a Whole

Statement of Net Position and Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2021?" The statement of net position and the statement of activities answer this question.

These statements include all assets, deferred outflows, liabilities, deferred inflows, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the District's net position and changes in net position. This change in net position is important because it tells the reader that, for the District as a whole, the financial position of the District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

In the statement of net position and the statement of activities, the governmental activities include the District's programs and services, including instruction, support services, operation and maintenance of plant, pupil transportation, extracurricular activities, and food service operations.

Reporting the District's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's only major governmental fund is the General Fund.

Governmental Funds

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund financial statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is reconciled in the basic financial statements.

Reporting the District's Fiduciary Responsibilities

The District acts in a trustee capacity as an agent for individuals or other entities. These activities are reported in the custodial fund. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations. The District's only custodial fund accounts for athletic tournaments and did not report any financial statements as of June 30, 2021, due to having no balance or activity in the fund.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's net pension and OPEB liability/asset.

Governmental Activities

The table below provides a summary of the District's net position for governmental activities for fiscal year 2021 and 2020.

Net Position

	Governmental Activities	
	2021	2020
ASSETS		
Current and other assets	$ 39,434,635	$ 35,746,540
Capital assets, net	17,695,096	17,975,084
Total Assets	57,129,731	53,721,624
DEFERRED OUTFLOWS OF RESOURCES		
Deferral on Refunding	54,537	77,103
Pension	7,049,411	6,843,015
OPEB	1,404,839	1,019,270
Total Deferred Outflows of Resources	8,508,787	7,939,388
LIABILITIES		
Current and other liabilities	3,590,566	3,363,841
Long-term liabilities:		
Due within one year	807,244	822,375
Due in more than one year:		
Net Pension Liability	32,962,121	29,021,472
Net OPEB Liability	2,818,349	3,059,291
Other Amounts	3,347,835	4,166,744
Total Liabilities	43,526,115	40,433,723
DEFERRED INFLOWS OF RESOURCES		
Property Taxes	13,120,029	10,968,920
Pension	236,967	1,413,952
OPEB	3,594,499	2,866,879
Total Deferred Inflows of Resources	16,951,495	15,249,751
NET POSITION		
Net Investment in Capital Assets	14,733,624	14,265,932
Restricted	5,056,713	4,255,576
Unrestricted (deficit)	(14,629,429)	(12,543,970)
Total Net Position	$ 5,160,908	$ 5,977,538

The net pension liability (NPL) and the net OPEB liability (NOL) are the largest single liabilities reported by the District and are reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27", and GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the School's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability* or *net OPEB liability*. GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 and GASB 75 require the net pension liability and the net OPEB liability to equal the District's proportionate share of each plan's collective:

1. Present value of estimated future pension/OPEB benefits attributable to active and inactive employees' past service
2. Minus plan assets available to pay these benefits

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the District is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The retirement system is responsible for the administration of the pension and OPEB plans.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability or the net OPEB liability. As explained above, changes in benefits, contribution rates, and return on investments affect the balance of these liabilities, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68 and GASB 75, the District's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension liability and net OPEB liability, respectively, not accounted for as deferred inflows/outflows.

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2021, the District's liabilities and deferred inflows exceeded assets and deferred outflows by $5,160,908 The changes in deferred outflows and inflows of resources, net pension liability, net OPEB liability and current and other assets (net OPEB asset) are due to the recording of GASB 68 and 75 as previously discussed. Current and other assets decreased due to a decrease in equity in pooled cash and cash equivalents and taxes receivables.

At year-end, capital assets represented 30.97 percent of total assets. Capital assets include land, construction in progress, land improvements, buildings and improvements, furniture and equipment, and vehicles. The District's net investment in capital assets at June 30, 2021, was $14,733,624. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities. A portion of the District's net position, $5,056,713 represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position is a deficit of $14,629,429.

The recording of GASB Statement No. 68 and 75 requires the readers to perform additional calculations to determine the District's total Net Position at June 30, 2021 without the recording of GASB Statement No. 68 and 75. This is an important exercise, as the State Pension Systems (SERS & STRS) collect, hold, invest, and distribute pensions to our employee, not the District. These calculations are as follows:

Total Net Position including GASB 68 and GASB 75	$ 5,160,908
Add:	
Net Pension liability	32,962,121
Net OPEB Liability	2,818,349
Deferred Inflows - Pension	236,967
Deferred Inflows - OPEB	3,594,499
Less:	
Net OPEB Asset	(1,792,517)
Deferred Outflows - Pension	(7,049,411)
Deferred Outflows - OPEB	(1,404,839)
Total Net Position without GASB 68 and GASB 75	$ 34,526,077

The table below shows the changes in net position for governmental activities for fiscal years 2021 and 2020.

Changes in Net Position

	Governmental Activities	
	2021	2020
REVENUES		
Program Revenues:		
Charges for services	$ 2,017,922	$ 2,295,133
Operating grants and contributions *	8,107,498	5,519,926
Capital grants and contributions	44,500	174,155
Total Program Revenues	10,169,920	7,989,214
General Revenues:		
Property taxes	14,337,042	14,323,932
Payments in lieu of taxes	1,419	848
Grants and entitlements		
not restricted to specific programs *	13,030,934	12,769,084
Gain on Sale of Capital assets	13,528	-
Investment income	34,298	347,113
Miscellaneous	774,126	305,806
Total General Revenues	28,191,347	27,746,783
Total Revenues	38,361,267	35,735,997
EXPENSES		
Program Expenses:		
Instruction:		
Regular	14,571,005	13,974,111
Special	6,951,964	6,826,691
Vocational	204,898	301,624
Other	1,347,648	1,033,861
Supporting Services:		
Pupils	2,204,343	2,145,250
Instructional Staff	1,668,719	1,496,452
Board of Education	37,885	24,997
Administration	2,601,738	2,858,324
Fiscal Services	854,523	911,151
Business	104,693	114,930
Operation and Maintenance of Plant	3,157,796	3,040,369
Pupil Transportation	1,433,003	1,427,340
Central	287,648	246,754
Operation of Non-Instructional Services	2,866,141	1,314,047
Extracurricular Activities	783,418	904,592
Interest and Fiscal Charges	102,475	119,210
Total Expenses	39,177,897	36,739,703
Change in Net Position	(816,630)	(1,003,706)
Net Position - Beginning of Year	5,977,538	6,981,244
Net Position - End of Year	$ 5,160,908	$ 5,977,538

* Certain reclassifications were made for comparability

Net position of the District's governmental activities decreased $816,630. Total governmental expenses of $39,177,897 were offset by program revenues of $10,169,920 and general revenues of $28,191,347.

Program revenues supported 25.96 percent of the total governmental activities' expenses.

The primary sources of revenue for governmental activities are derived from property taxes and unrestricted grants and entitlements from the State of Ohio. These revenue sources represent 71.34 percent of total governmental revenue. Real estate property is reappraised every six years.

Total revenues increased by $2,625,270 or 7.35 percent in fiscal year 2021 mainly due to the increase in operating grants. Operating grants and contributions increased due to the increase of grants received due to COVID-19 and the Student wellness fund.

Total expenses increased by $2,438,194 mainly due to the recording of GASB 68 and 75. The effects of GASB 68 and 75 distort the comparative analysis of expenses due to the significant changes made by the pension systems in recording the aforementioned GASBs. As a result of the significant adjustments to program expenses for GASB 68 and GASB 75, the following adjustments are needed:

Total 2021 program expenses under GASB 68 and 75	$ 39,177,897
NPL expense under GASB 68	(4,908,443)
2021 contractually required contribution - Pension	2,351,175
OPEB expense under GASB 75	(25,954)
2021 contractually required contribution - OPEB	78,930
Adjusted 2021 program expenses	36,673,605
Total 2020 program expenses under GASB 68 and 75	36,739,703
NPL expense under GASB 68	(4,916,514)
2020 contractually required contribution - Pension	2,378,625
Negative OPEB expense under GASB 75	286,918
2020 contractually required contribution - OPEB	81,980
Adjusted 2020 program expenses	34,570,712
Increase in program expenses	$ 2,102,893

See Notes 12 and 13 for more information regarding net pension liability and net OPEB liability and the related pension expense.

The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The table on the following page shows, for governmental activities, the total cost of services and the net cost of services for fiscal years 2021 and 2020. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

Total and Net Cost of Program Services

	Governmental Activities			
	Total Cost of Services 2021	Total Cost of Services 2020	Net Cost of Services 2021	Net Cost of Services 2020
Instruction	$ 23,075,515	$ 22,136,287	$ 16,823,831	$ 19,135,893
Supporting Services:				
Pupils and Instructional Staff	3,873,062	3,641,702	1,854,815	2,070,387
Board of Education, Administration,				
Fiscal, and Business Services	3,598,839	3,909,402	3,522,932	3,857,746
Operation and Maintenance of Plant	3,157,796	3,040,369	2,917,320	2,866,985
Pupil Transportation	1,433,003	1,427,340	1,330,453	1,359,428
Central	287,648	246,754	250,523	246,754
Operation of Non-Instructional Services	2,866,141	1,314,047	1,629,379	373,562
Extracurricular Activities	783,418	904,592	576,249	412,938
Interest and Fiscal Charges	102,475	119,210	102,475	119,210
Total Cost of Services	$ 39,177,897	$ 36,739,703	$ 29,007,977	$ 30,442,903

The dependence upon tax revenues during fiscal year 2021 for governmental activities is apparent, as 72.91 percent of 2021 instruction activities are supported through taxes and other general revenues. The large increase in instruction activities is due to GASB 68 and 75 as previously discussed.

The District's Governmental Funds

The District's governmental funds (as presented on the balance sheet on page 19) reported a combined fund balance of $20,121,960, which is $1,015,676 more than last year's total of $19,106,284. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2021 and 2020.

Governmental Fund Balances

	Fund Balance June 30, 2021	Fund Balance June 30, 2020	Increase (Decrease)	Percentage Change
General	$ 15,647,520	$ 15,144,277	$ 503,243	3.32%
Other Governmental	4,474,440	3,962,007	512,433	12.93%
Total	$ 20,121,960	$ 19,106,284	$ 1,015,676	5.32%

General Fund

The District's General Fund balance increased $503,243 during 2021.

The table on the following page assists in illustrating the revenues and expenditures of the General Fund.

General Fund

	2021	2020	Change
REVENUES			
Property Taxes	$ 12,740,494	$ 12,622,621	0.93%
Intergovernmental	14,859,216	14,634,083	1.54%
Interest	28,501	293,255	-90.28%
Tuition	1,496,073	1,434,713	4.28%
Extracurricular Activities	15,630	54,170	-71.15%
Rentals	29,435	7,493	292.83%
Contributions and Donations	5,889	21,556	-72.68%
Transportation Fees	43,803	67,912	-35.50%
Classroom Materials and Fees	27,271	74,719	-63.50%
Payments in Lieu of Taxes	1,419	848	67.33%
Contract Services	153,447	119,790	28.10%
Miscellaneous	806,062	280,916	186.94%
Total Revenues	$ 30,207,240	$ 29,612,076	2.01%
EXPENDITURES			
Instruction	$ 18,979,271	$ 19,506,462	-2.70%
Supporting Services	8,866,066	9,155,473	-3.16%
Operation of Non-Instructional Services	1,458,759	159,864	812.50%
Extracurricular Activities	260,877	463,955	-43.77%
Capital Outlay	-	996,814	100.00%
Debt Service	84,780	87,300	-2.89%
Total Expenditures	$ 29,649,753	$ 30,369,868	-2.37%

The increase in property taxes is due to higher residential and public utility valuations. The increases in intergovernmental and miscellaneous revenues are due to prior year expenditure refunds including significant workers' compensation rebates. The increases in tuition and contract services are due to additional court-placed and Medicaid-eligible students. The increase in rentals is due to a new farm lease of 82 tillable acres. These increases are offset by decreases during the pandemic from declining interest rates, extra-curricular activities and transportation services, and the elimination of student fees for new classroom materials.

Instruction and extracurricular activity expenditures decreased due to online courses and pandemic subsidies. Supporting Services decreased due to the availability of Student Wellness and Success funds and pandemic subsidies. These decreases are offset by an increase in operation of non-instructional services that includes additional reimbursable non-resident students in a contracted intervention program. The decrease in capital outlay reflects a prior one-time land purchase.

General Fund Budgeting Highlights

The District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During the course of fiscal year 2021, the District's General Fund budget increases from Original to Final, due to the Original budget being based on the temporary amounts which were enough to cover the entire year. The District uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

For the General Fund, original and final budgeted revenues and other financing sources was $30,694,196. Final budgeted revenues and other financing sources were $388,426 more than actual revenues and other financing sources of $30,305,770.

General Fund original appropriations were $31,448,702. General Fund final appropriations were $33,304,088. The actual budget basis expenditures and other financing uses for fiscal year 2021 totaled $31,056,978 which was $2,247,110 less than the final budget appropriations.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal 2021, the District had $17,695,096 invested in land, land improvements, buildings and improvements, furniture and equipment, and vehicles.

The following table shows the capital asset fiscal 2021 balances compared to 2020:

Capital Assets

	Governmental Activities	
	2021	2020
Land	$ 3,029,437	$ 3,029,437
Construction in Progress	-	42,113
Land Improvements	754,852	817,438
Buildings and Improvements	11,095,594	11,532,602
Furniture and Equipment	1,607,770	1,423,976
Vehicles	1,207,443	1,129,518
Total Capital Assets	$ 17,695,096	$ 17,975,084

See Note 8 to the basic financial statements for detail on the District's capital assets.

Debt Administration

At June 30, 2021, the District had $385,000 in energy conservation bonds, $2,025,000 in refunding bonds, and $545,000 in certificate of participation outstanding. Of the total outstanding debt, $755,000 is due within one year and $2,200,000 is due in greater than one year. The table on the next page summarizes the bonds, certificates of participation, and lease obligations outstanding.

Oustanding Debt at Year End

	Governmental Activities	
	2021	2020
School Improvement Refunding Bonds	$ 2,025,000	$ 2,670,000
Energy Conservation Bonds	385,000	425,000
Certificates of Participation	545,000	605,000
Total Outstanding Debt	$ 2,955,000	$ 3,700,000

See Note 9 to the basic financial statements for detail on the District's debt administration.

Current Financial Related Activities

The elected members of the Board of Education govern the public finances of Tiffin City School District. By the end of November and May of each fiscal year, the Treasurer of the Board prepares a five-year forecast of revenues and expenditures for its general operating fund. The forecast also includes actual amounts for three prior years.

The District's most recent forecast includes actual fiscal years 2018 through 2020. Two of those years reflect balanced annual budgets with revenues exceeding expenditures, a continuing result of several past measures implemented by the District. Such measures include the ability to negotiate conservative salary increases, increase a permanent improvement levy for a continuous period of time, renew an emergency operating levy for an extended period of time, and implement in-house services for special needs students. In addition to these items, state funding increases that provided additional revenues from 2014 through 2017 remained relatively in place through 2019. State funding reductions in 2020 and 2021 caused by the public health crisis were offset with supplemental funds for student wellness and success programs and federal emergency relief funds. The unbalanced budget in actual fiscal year 2020 was the result of a one-time land purchase for potential construction that did not succeed at the polls. The land is currently leased for agricultural use while being retained for future opportunities with the Ohio Facilities Construction Commission.

In order to attract and retain qualified personnel, increases to all salary and wage schedules are provided through fiscal year 2022. Recent years also include personnel, curriculum, technology, safety, security and student well-being increases as well as the addition of remote learning options in order to meet the changing needs of all students. All forecasted fiscal years also include the continuation of much-needed tax revenue from the District's emergency operating levy, which was renewed early by the voters in May of 2018 for an extended period of ten years through 2029. While conservative revenue estimates and expected inflation result in annual operating expenditures that exceed annual revenues, annual positive cash balances are still projected through the end of forecasted fiscal year 2025.

In regards to the District's facilities, two capital improvement projects were undertaken in fiscal year 2014, including a district-wide House Bill 264 energy improvements project and a windows replacement project at the high school. The energy project issued $645,000 of un-voted, bonded debt from 2014 to 2028. Annual payments average $56,357; however, annual savings total about $70,000. The windows project financed $955,000 with a lease purchase agreement from 2014 to 2028. Annual payments average $86,143.

For future improvements, the District's five-year forecast includes the projected reservation of $500,000 annually since 2017 with a projected accumulation of $3,250,000 by the end of 2025 after utilizing $250,000 in 2019 for security & technology needs and $1,000,000 in 2020 for the land purchase.

As previously mentioned, the district's proposal to issue bonds as part of an Expedited Local Partnership Program with OFCC was not approved by the voters in March 2020 at the beginning of the COVID-19 pandemic. The Board of Education declined placing the same question on the ballot in November 2020 while general public uncertainty continued. Meanwhile, the bonded debt service approved by voters in 2000 for the construction of a new middle school is scheduled to mature in 2023.

The current financial position of Tiffin City Schools allows the District to maintain and enhance its strong offering of options and opportunities that individualize instruction for all students.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact: Sharon Perry, Treasurer, Tiffin City School District, 244 South Monroe Street, Tiffin, Ohio 44883.

TIFFIN CITY SCHOOL DISTRICT
SENECA COUNTY, OHIO
STATEMENT OF NET POSITION
JUNE 30, 2021

	Governmental Activities
ASSETS	
Equity in Pooled Cash and Cash Equivalents	$ 22,091,449
Taxes Receivable	14,375,273
Accounts Receivable	12,264
Intergovernmental Receivable	952,302
Inventory Held for Resale	15,987
Materials and Supplies Inventory	21,927
Prepaid Items	172,916
Net OPEB Asset	1,792,517
Nondepreciable Capital Assets	3,029,437
Depreciable Capital Assets, Net	14,665,659
Total Assets	57,129,731
DEFERRED OUTFLOWS OF RESOURCES	
Deferral on Refunding	54,537
Pension	7,049,411
OPEB	1,404,839
Total Deferred Outflows of Resources	8,508,787
LIABILITIES	
Accounts Payable	396,474
Accrued Wages and Benefits	2,598,099
Intergovernmental Payable	478,376
Accrued Interest Payable	8,126
Matured Compensated Absences Payable	109,491
Long-term Liabilities:	
Due within one year	807,244
Due in more than one year:	
Net Pension Liability	32,962,121
Net OPEB Liability	2,818,349
Other Amounts	3,347,835
Total Liabilities	43,526,115
DEFERRED INFLOWS OF RESOURCES	
Property Taxes	13,120,029
Pension	236,967
OPEB	3,594,499
Total Deferred Inflows of Resources	16,951,495
NET POSITION	
Net Investment in Capital Assets	14,733,624
Restricted:	
Capital Projects	1,332,524
Debt Service	1,442,103
Classroom Facilities Maintenance	1,134,144
Locally Funded Programs	71,708
State Funded Programs	322,159
Federally Funded Programs	197,273
Student Activities	208,766
Food Service	276,740
Other Purpose	71,296
Unrestricted (defcit)	(14,629,429)
Total Net Position	$ 5,160,908

See accompanying notes to the basic financial statements.

TIFFIN CITY SCHOOL DISTRICT
SENECA COUNTY, OHIO
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

		Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
Instruction:					
Regular	$ 14,571,005	$ 1,365,155	$ 1,568,987	$ -	$ (11,636,863)
Special	6,951,964	311,111	2,862,341	-	(3,778,512)
Vocational	204,898	-	53,489	-	(151,409)
Other	1,347,648	-	90,601	-	(1,257,047)
Supporting Services:					
Pupils	2,204,343	60,206	1,477,685	-	(666,452)
Instructional Staff	1,668,719	-	480,356	-	(1,188,363)
Board of Education	37,885	-	-	-	(37,885)
Administration	2,601,738	-	75,907	-	(2,525,831)
Fiscal Services	854,523	-	-	-	(854,523)
Business	104,693	-	-	-	(104,693)
Operation and Maintenance of Plant	3,157,796	29,435	166,541	44,500	(2,917,320)
Pupil Transportation	1,433,003	43,803	58,747	-	(1,330,453)
Central	287,648	-	37,125	-	(250,523)
Operation of Non-Instructional Services	2,866,141	9,985	1,226,777	-	(1,629,379)
Extracurricular Activities	783,418	198,227	8,942	-	(576,249)
Interest and Fiscal Charges	102,475	-	-	-	(102,475)
Total Governmental activities	$ 39,177,897	$ 2,017,922	$ 8,107,498	$ 44,500	$ (29,007,977)

General Revenues:	
PropertyTaxes levied for:	
General Purposes	12,718,469
Debt Service	581,170
Capital Outlay	886,669
Other Purposes	150,734
Payments in Lieu of Taxes	1,419
Grants & Entitlements not restricted to specific programs	13,030,934
Investment Income	34,298
Gain on Sale of Capital Assets	13,528
Miscellaneous	774,126
Total General Revenues	28,191,347
Change in Net Position	(816,630)
Net Position - Beginning of Year	5,977,538
Net Position - End of Year	$ 5,160,908

See accompanying notes to the basic financial statements.

TIFFIN CITY SCHOOL DISTRICT
SENECA COUNTY, OHIO
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021

	General	Other Governmental Funds	Total Governmental Funds
ASSETS			
Equity in Pooled Cash and Cash Equivalents	$ 17,240,295	$ 4,851,154	$ 22,091,449
Inventory Held for Resale	-	15,987	15,987
Materials and Supplies Inventory	-	21,927	21,927
Accounts Receivable	3,764	8,500	12,264
Interfund Receivable	397,395	-	397,395
Intergovernmental Receivable	24,946	927,356	952,302
Prepaid Items	172,916	-	172,916
Taxes Receivable	12,809,559	1,565,714	14,375,273
Total Assets	$ 30,648,875	$ 7,390,638	$ 38,039,513
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES			
Accounts Payable	$ 293,582	$ 102,892	$ 396,474
Accrued Wages and Benefits	2,225,773	372,326	2,598,099
Intergovernmental Payable	415,550	62,826	478,376
Matured Compensated Absences Payable	103,337	6,154	109,491
Interfund Payable	-	397,395	397,395
Total Liabilities	3,038,242	941,593	3,979,835
DEFERRED INFLOWS OF RESOURCES			
Property Taxes	11,691,214	1,428,815	13,120,029
Unavailable Revenue-Delinquent Property Taxes	246,953	30,230	277,183
Unavailable Revenue - Grants	24,946	428,412	453,358
Unvailable Revenue-Other	-	87,148	87,148
Total Deferred Inflows of Resources	11,963,113	1,974,605	13,937,718
FUND BALANCES			
Nonspendable	172,916	21,927	194,843
Restricted	-	4,765,632	4,765,632
Assigned	3,125,604	-	3,125,604
Unassigned (Deficits)	12,349,000	(313,119)	12,035,881
Total Fund Balances	15,647,520	4,474,440	20,121,960
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 30,648,875	$ 7,390,638	$ 38,039,513

See accompanying notes to the basic financial statements.

TIFFIN CITY SCHOOL DISTRICT
SENECA COUNTY, OHIO
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2021

Total Governmental Fund Balances		$ 20,121,960
Amounts reported for Governmental Activities in the Statement of Net Position are different because:		
Capital Assets used in Governmental Activities are not financial resources and, therefore, are not reported in the funds		17,695,096
Other long-term assets are not available to pay for current-period expenditures and, therefore, are unavailable revenue in the funds:		
Delinquent Property Taxes	$ 277,183	
Intergovernmental	453,358	
Other Revenues	87,148	
Total		817,689
Bond premium on the refunding of the bonds in governmental activities is deferred and to be amortized over the remaining life of the refunded bonds.		(61,009)
In the statement of activities, interest is accrued on outstanding bonds, whereas in the governmental funds, an interest expenditure is not reported.		(8,126)
In the statement of activities, a gain/loss on refunding is amortized over the term of the bonds, whereas in governmental funds a refunding gain/loss is reported when bonds are issued.		54,537
The net pension liability and net OPEB liability is not due and payble in the current period; and the net OPEB asset is not available for spending in the current period; therefore, the asset, liability and related deferred outflows/ inflows are not reported in governmental funds:		
Deferred Outflows - Pension	7,049,411	
Deferred Inflows - Pension	(236,967)	
Net Pension Liability	(32,962,121)	
Net OPEB Asset	1,792,517	
Deferred Outflows - OPEB	1,404,839	
Deferred Inflows - OPEB	(3,594,499)	
Net OPEB Liability	(2,818,349)	
Total		(29,365,169)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds:		
Refunding Bonds	(2,025,000)	
Energy Conservation Bond	(385,000)	
Certificates of Participation	(545,000)	
Compensated Absences	(1,139,070)	
Total		(4,094,070)
Net Position of Governmental Activities		$ 5,160,908

See accompanying notes to the basic financial statements.

TIFFIN CITY SCHOOL DISTRICT
SENECA COUNTY, OHIO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	General	Other Governmental Funds	Total Governmental Funds
REVENUES			
Property Taxes	$ 12,740,494	$ 1,622,416	$ 14,362,910
Intergovernmental	14,859,216	5,854,319	20,713,535
Interest	28,501	5,797	34,298
Tuition	1,496,073	-	1,496,073
Extracurricular Activities	15,630	246,423	262,053
Rentals	29,435	-	29,435
Charges for Services	-	9,985	9,985
Contributions and Donations	5,889	84,321	90,210
Transportation Fees	43,803	-	43,803
Classroom Materials and Fees	27,271	-	27,271
Payments in Lieu of Taxes	1,419	-	1,419
Contract Services	153,447	59,681	213,128
Miscellaneous	806,062	110,300	916,362
Total Revenues	30,207,240	7,993,242	38,200,482
EXPENDITURES			
Current:			
Instruction:			
Regular	12,200,195	1,307,622	13,507,817
Special	5,360,474	1,083,382	6,443,856
Vocational	193,678	-	193,678
Other	1,224,924	85,921	1,310,845
Supporting Services:			
Pupils	1,097,657	970,773	2,068,430
Instructional Staff	1,153,775	495,358	1,649,133
Board of Education	37,885	-	37,885
Administration	2,294,110	56,789	2,350,899
Fiscal Services	770,431	40,513	810,944
Business	104,449	244	104,693
Operation and Maintenance of Plant	2,023,787	349,457	2,373,244
Pupil Transportation	1,137,200	200,422	1,337,622
Central	246,772	35,460	282,232
Operation of Non-Instructional Services:			
Food Service Operations	3,821	792,375	796,196
Other Non-Instructional Services	1,454,938	518,321	1,973,259
Extracurricular Activities	260,877	452,125	713,002
Capital Outlay	-	392,701	392,701
Debt Service:			
Principal Retirement	60,000	685,000	745,000
Interest and Fiscal Charges	24,780	81,780	106,560
Total Expenditures	29,649,753	7,548,243	37,197,996
Excess of Revenues Over Expenditures	557,487	444,999	1,002,486
OTHER FINANCING SOURCES (USES)			
Sale of Capital Assets	336	12,854	13,190
Transfers In	-	54,580	54,580
Transfers Out	(54,580)	-	(54,580)
Total Other Financing Sources (Uses)	(54,244)	67,434	13,190
Net Change in Fund Balances	503,243	512,433	1,015,676
Fund Balances - Beginning of Year	15,144,277	3,962,007	19,106,284
Fund Balances - End of Year	$ 15,647,520	$ 4,474,440	$ 20,121,960

See accompanying notes to the basic financial statements.

TIFFIN CITY SCHOOL DISTRICT
SENECA COUNTY, OHIO
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Net Change in Fund Balances-Total Governmental Funds		$ 1,015,676
Amounts reported for Governmental Activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.		
Capital Outlay	$ 592,957	
Depreciation	(872,945)	
Total		(279,988)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		
Delinquent Property Taxes	(25,868)	
Intergovernmental	205,265	
Other revenues	(40,302)	
Total		139,095
Repayment of bond principal are expenditures in the Governmental funds, but the repayments reduce long-term liabilities in the Statement of Net Position.		745,000
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows		
Pension		2,351,175
OPEB		78,930
Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liability and net OPEB asset are reported as pension/OPEB expense in the Statement of Activities.		
Pension		(4,908,443)
OPEB		(25,954)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in Governmental funds.		
Compensated Absences	63,794	
Accrued Interest	1,405	
Amortization of Bond Premiums	25,246	
Deferred Amount on Refunding	(22,566)	
Total		67,879
Change in Net Position of Governmental Activities		$ (816,630)

See accompanying notes to the basic financial statements.

TIFFIN CITY SCHOOL DISTRICT
SENECA COUNTY, OHIO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues				
Property Taxes	$ 12,246,526	$ 12,246,526	$ 12,775,590	$ 529,064
Intergovernmental	15,921,287	15,921,287	14,934,661	(986,626)
Interest	322,580	322,580	28,501	(294,079)
Tuition	1,550,582	1,550,582	1,521,166	(29,416)
Extracurricular Activities	53,981	53,981	13,189	(40,792)
Rentals	8,243	8,243	29,435	21,192
Transportation Fees	80,899	80,899	43,803	(37,096)
Payments in Lieu of Taxes	933	933	1,419	486
Classroom Materials and Fees	17	17	776	759
Contract Services	152,296	152,296	153,447	1,151
Miscellaneous	1,818	1,818	26,018	24,200
Total Revenues	30,339,162	30,339,162	29,528,005	(811,157)
Expenditures				
Current:				
Instruction				
Regular	12,096,588	12,830,862	12,228,498	602,364
Special	5,298,820	5,614,452	5,563,137	51,315
Vocational	329,117	349,158	319,913	29,245
Other	1,749,635	1,855,589	1,165,923	689,666
Supporting Services				
Pupils	1,623,348	1,716,789	1,274,293	442,496
Instructional Staff	1,080,087	1,144,466	1,143,896	570
Board of Education	86,147	91,367	91,158	209
Administration	2,445,902	2,590,028	2,470,319	119,709
Fiscal Services	810,478	854,795	826,306	28,489
Business	108,338	114,914	112,717	2,197
Operation and Maintenance of Plant Services	2,346,444	2,467,944	2,327,692	140,252
Pupil Transportation	1,129,463	1,193,312	1,192,852	460
Central	289,282	302,872	302,316	556
Operation of Non-Instructional Services	1,498,339	1,586,925	1,557,201	29,724
Extracurricular Activities	414,233	439,456	267,260	172,196
Capital Outlay	86,789	92,075	-	92,075
Debt Service:				
Principal	40,000	40,000	60,000	(20,000)
Interest & Fiscal Charges	15,692	19,084	24,780	(5,696)
Total Expenditures	31,448,702	33,304,088	30,928,261	2,375,827
Excess of Revenues Over (Under) Expenditures	(1,109,540)	(2,964,926)	(1,400,256)	1,564,670
Other Financing Sources (Uses)				
Sale of Capital Assets	-	-	336	336
Refund of Prior Year Expenditures	355,034	355,034	777,429	422,395
Transfers Out	-	-	(128,717)	(128,717)
Total Other Financings Sources (Uses)	355,034	355,034	649,048	294,014
Net Change in Fund Balance	(754,506)	(2,609,892)	(751,208)	1,858,684
Fund Balance - Beginning of Year	15,942,710	15,942,710	15,942,710	-
Prior Year Encumbrances Appropriated	979,169	979,169	979,169	-
Fund Balance - End of Year	$ 16,167,373	$ 14,311,987	$ 16,170,671	$ 1,858,684

See accompanying notes to the basic financial statements.

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 1: **DESCRIPTION OF THE SCHOOL DISTRICT**

The Tiffin City School District (the "District") is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. The District operates under an elected Board of Education (5 members) elected at-large for staggered four year terms. The District provides educational services as authorized by State statute and/or federal guidelines. Average daily membership (ADM) was 2,603. The District employed 197 certified employees and 165 non-certified employees.

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District's significant accounting policies are described below:

A. **Reporting Entity**

The reporting entity has been defined in accordance with GASB Statement No. 14, *The Financial Reporting Entity* as amended by GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units* and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34*. The reporting entity is composed of the primary government and component units. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; or (3) the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt, or the levying of taxes. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary government's financial statements incomplete or misleading. Based upon the application of these criteria, the District has no component units. The basic financial statements of the reporting entity include only those of the District (the primary government).

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

A. **Reporting Entity** (Continued)

JOINTLY GOVERNED ORGANIZATIONS

Northwest Ohio Area Computer Services Cooperative (NOACSC)
The District is a participant in the Northwest Ohio Area Computer Services Cooperative (NOACSC), which is a computer consortium. NOACSC is an association of public school districts within the boundaries of Allen, Auglaize, Hancock, Hardin, Mercer, Paulding, Putnam, Seneca, Van Wert, and Wood counties. The organization was formed for the purpose of applying modern technology (with the aid of computers and other electronic equipment) to administrative and instructional functions among member school districts.

The Governing Board of NOACSC consists of two representatives from each county, elected by majority vote of all charter member school districts within each county, plus one representative from the fiscal agent school district. Financial information is available from Ray Burden, Executive Director, at 645 South Main Street, Lima, Ohio 45804.

North Central Ohio Regional Council of Governments (NCORcog)
NCORcog is a legally separate body politic and corporate served by a eight-member Board of Directors that meets the definition of regional council of governments under Chapter 167 of the Ohio Revised Code. NCORcog is a regional source for shared services. Cost savings achieved are designed to not only maintain existing essential services, but to enhance them as well.

The current Board of Directors are North Central Ohio ESC, Seneca County, the City of Tiffin, Clinton Township, Seneca County Regional Planning Commission, North Central Academy, Tiffin City School District, and Seneca East Local School District. The Superintendent of North Central Ohio ESC serves as Chair of the Board. The Chair is a non-voting member and shall only vote in the event of a tie. The Treasurer of North Central Ohio ESC serves as ex-officio/advisor for fiscal matters and is also a non-voting member. Membership is voluntary pursuant to resolution, ordinance, or other appropriate action. Application of membership shall be subject to approval by the Board of Directors. Each political subdivision shall be entitled to one vote.

North Central Ohio ESC serves as the fiscal agent. NCORcog issues a publicly available, stand-alone financial report. The report may be obtained by writing to the Treasurer of the North Central Ohio ESC, 928 West Market Street, Tiffin, Ohio 44883.

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

A. **Reporting Entity** (Continued)

INSURANCE PURCHASING POOLS

North Central Ohio Joint Self-Insurance Association (the "Association")
The Association is a public entity risk pool consisting of the North Central Ohio Educational Service Center and five school districts - Tiffin, Old Fort, Seneca East, Buckeye, and Mohawk. The Association was established pursuant to Section 9.833, Ohio Revised Code, in order to act as a common risk management and insurance program. The Association's Board of Directors is comprised of one member from each of the school districts and the North Central Ohio Educational Service Center. The North Central Ohio Educational Service Center acts as fiscal agent to the Association. Refer to Note 11.B. for further information on this public entity risk pool.

Workers' Compensation Group Rating Program
The District participates in the Ohio Association of School Business Officials/ School Boards Association (OASBO/OSBA), Ohio Workers' Compensation Group Retrospective-Rating Program (GRP). The GRP is sponsored by OASBO/OSBA and administered by Sedgwick. The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The District pays a fee to the GRP to cover the costs of administering the program. Refer to Note 11.C. for further information on the GRP.

B. **Fund Accounting**

The District uses funds to report its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain school district activities or functions. Funds are classified into three categories: governmental, proprietary, and fiduciary. Each category is divided into separate fund types.

GOVERNMENTAL FUNDS

Governmental funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and deferred outflows of resources and liabilities and deferred inflows of resources is reported as fund balance. The following is the District's major governmental fund:

General Fund - The General Fund is used to account for and report all financial resources not accounted for and reported in another fund. The General Fund balance is available for any purpose provided it is expended or transferred according to the general laws of Ohio.

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

B. **Fund Accounting** (Continued)

GOVERNMENTAL FUNDS (Continued)

Other governmental funds of the District are used to account for (a) financial resources that are restricted, committed, or assigned to expenditures for capital outlays including the acquisition or construction of capital facilities and other capital assets, (b) specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects, and (c) financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

PROPRIETARY FUNDS

Proprietary funds are used to account for the District's ongoing activities which are similar to those often found in the private sector where the determination of net income is necessary or useful to sound financial administration. The District has no proprietary funds.

FIDUCIARY FUNDS

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds, and custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangements that have certain characteristics. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The District's only custodial fund accounts for athletic tournaments and did not report any financials statements as of June 30, 2021, due to having no balance or activity in the fund.

C. **Basis of Presentation and Measurement Focus**

Government-wide Financial Statements - The Statement of Net Position and the Statement of Activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The government-wide Statement of Activities presents a comparison between direct expenses and program revenues for each function or program of the governmental activities of the District. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include amounts paid by the recipient of goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues of the District.

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

C. **Basis of Presentation and Measurement Focus** (Continued)

Government-wide Financial Statements (Continued)
The government-wide financial statements are prepared using the economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of the District are included on the Statement of Net Position.

Fund Financial Statements - Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column, and all nonmajor funds are aggregated into one column. Fiduciary funds are reported by fund type.

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current deferred outflows of resources and current liabilities and current deferred inflows of resources generally are included on the balance sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

D. **Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting on the fund financial statements.

Revenues - Exchange and Nonexchange Transactions - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within thirty days of fiscal year end.

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

D. **Basis of Accounting** (Continued)

Revenues - Exchange and Nonexchange Transactions (Continued)
Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 6). Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes available as an advance, payments in lieu of taxes, interest, tuition, grants, student fees, and rentals.

Deferred Outflows of Resources and Deferred Inflows of Resources - In addition to assets, the government-wide Statement of Net Position will report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the District, deferred outflows of resources are reported on the government-wide Statement of Net Position for deferred charges on refunding and for pension and OPEB. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 12 and 13.

In addition to liabilities, both the government-wide Statement of Net Position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the District, deferred inflows of resources include property taxes, pension, OPEB and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2021, but which were levied to finance fiscal year 2022 operations. These amounts have been recorded as a deferred inflow of resources on both the government-wide Statement of Net Position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet and represents receivables which will not be collected within the available period. For the District, unavailable revenue includes, but is not limited to, delinquent property taxes, intergovernmental grants, and other revenue not available.

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

D. **Basis of Accounting** (Continued)

Deferred Outflows of Resources and Deferred Inflows of Resources (Continued)
These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenue are identified on the Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities fund on page 20. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position. See Notes 12 and 13)

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The entitlement value of donated commodities used during the year is reported in the Statement of Revenues, Expenditures, and Changes in Fund Balances as an expenditure with a like amount reported as intergovernmental revenue.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

E. **Budgets**

All funds, other than agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution, and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and set annual limits on expenditures at a level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund level. Although the legal level of budgetary control was established at the fund level of expenditures, the District has elected to present budgetary statement comparisons at the fund and function level of expenditures.

The certificate of estimated resources may be amended during the fiscal year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported as the original and final budgeted amounts in the budgetary statements reflect the amounts in the certificate of estimated resources when the original and final appropriations were adopted.

The appropriation resolution is subject to amendment by the Board throughout the fiscal year with the restriction that appropriations may not exceed estimated revenues. The amounts reported as the original budgeted amounts reflect the first appropriation amount that covered the entire fiscal year, including amounts automatically carried over from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the fiscal year.

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

F. **Cash and Investments**

To improve cash management, cash received by the District, other than amounts held by a fiscal agent, are pooled in a central bank account. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the District's records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" on the financial statements.

During fiscal year 2021, investments were limited to investments in State Treasury Asset Reserve of Ohio (STAR Ohio). The School District's investment in the State Treasury Asset Reserve of Ohio (STAR Ohio) is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company and is recognized as an external investment pool by the School District. The School District measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value.

For the fiscal year 2021, there were no limitation or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding $100 million. STAR Ohio reserves the right to limit the transaction to $250 million, requiring the excess amount to be transacted the following business day(s), but only to the $250 million limit. All accounts of the participant will be combined for these purposes.

Under existing State statutes, all investment earnings are assigned to the General Fund unless statutorily required to be credited to a specific fund or the Board of Education has, by resolution, specified funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2021 amounted to $28,501, which includes $1,735 assigned from other District funds.

For presentation on the Statement of Net Position, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the District are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

An analysis of the District's investment account at fiscal year end is provided in Note 5.

G. **Inventory**

On government-wide and fund financial statements, purchased inventories are presented at the lower of cost or market and donated commodities are presented at their entitlement value. Inventories are recorded on a first-in, first-out basis and are expensed when used. Inventories are accounted for using the consumption method.

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

G. **Inventory** (Continued)

On the fund financial statements, reported material and supplies inventory is equally offset by a nonspendable fund balance in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets.

Inventory consists of expendable supplies held for consumption, donated food and purchased food.

H. **Capital Assets**

General capital assets are those related to government activities. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide Statement of Net Position but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition values as of the date received. The District maintains a capitalization threshold of $5,000. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All reported capital assets, except land and construction in progress, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Description	Governmental Activities Useful Lives
Land Improvements	15 years
Buildings and Improvements	40 years
Furniture and Equipment	8 years
Vehicles	8 years

I. **Interfund Balances**

On the governmental fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables". These amounts are eliminated in the governmental activities column of the Statement of Net Position.

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

J. **Compensated Absences**

Compensated absences of the District consist of vacation leave and sick leave to the extent that payments to the employee for these absences are attributable to services already rendered and are not contingent on a specific event that is outside the control of the District and the employee.

In accordance with the provisions of GASB Statement No. 16, *Accounting for Compensated Absences*, a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination (severance) payments. A liability for sick leave is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at the balance sheet date by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for severance on employees expected to become eligible to retire in the future, all employees age fifty or greater were considered expected to become eligible to retire in accordance with GASB Statement No. 16.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at June 30, 2021 and reduced to the maximum payment allowed by labor contract and/or statute, plus any additional salary related payments.

The entire compensated absence liability is reported on the government-wide financial statements.

For governmental fund financial statements, compensated absences are recognized as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirements.

K. **Accrued Liabilities and Long-Term Liabilities**

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds and capital leases are recognized as a liability on the fund financial statements when due. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits.

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

L. **Issuance Costs/Unamortized Bond Premium and Discount/Accounting Gain or Loss**

On the government-wide financial statements, issuance costs are expensed during the year in which they are incurred.

Bond premiums and discounts are deferred and amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. Bond premiums are presented as an addition to the face amount of the bonds. Bond discounts are presented as a reduction to the face amount of the bonds.

For advance refundings resulting in the defeasance of debt reported on the government-wide financial statements, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense. This accounting gain or loss is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter, and is presented as a deferred outflow of resources on the Statement of Net Position on the government-wide financial statements.

On the governmental fund financial statements, bond premiums and discounts are recognized in the current period. The reconciliation between the bonds face value and the amount reported on the Statement of Net Position is presented in Note 9.

M. **Fund Balance**

Fund balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable - The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash.

Restricted - Fund balance is reported as restricted when constraints are placed on the use of resources that are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the District's Board of Education (the highest level of decision making authority). Those committed amounts cannot be used for any other purpose unless the District's Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

M. **Fund Balance** (Continued)

Assigned - Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes, but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by policies of the District Board of Education, which includes giving the Treasurer the authority to constrain monies for intended purposes.

Unassigned - Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is only used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The District applies restricted resources first when expenditures are incurred for purposes for which restricted and unrestricted (committed, assigned, and unassigned) fund balance is available. Similarly, within unrestricted fund balance, committed amounts are reduced first, followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

N. **Net Position**

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. The net position component “net investment in capital assets,” consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The amount restricted for other purposes represents amounts restricted for mental health. The District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

O. **Prepayments**

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. These items are reported as assets on the financial statements using the consumption method. A current asset for the prepaid amounts is recorded at the time of the purchase and the expenditure/expense is reported in the year in which services are consumed.

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

P. **Estimates**

The preparation of the basic financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the basic financial statements and accompanying notes. Actual results may differ from those estimates.

Q. **Interfund Activity**

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

R. **Pensions/Other Postemployment Benefits (OPEB)**

For purposes of measuring the net pension/OPEB liability, net OPEB asset, deferred outflows of resources and deferred inflows of resources related to pensions/OPEB, and pension/OPEB expense, information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension/OPEB plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension/OPEB plans report investments at fair value.

S. **Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2021.

NOTE 3: **CHANGE IN ACCOUNTING PRINCIPLES**

During the fiscal year, the District implemented the following Governmental Accounting Standards Board (GASB) Statements:

GASB Implementation Guide No. *2019-1 Update* and Implementation Guide No. *2019-2 Fiduciary Activities.* These changes were incorporated in the District's 2020 financial statements; however, there was no effect on the beginning net position/fund balance.

NOTE 3: **CHANGE IN ACCOUNTING PRINCIPLES** (Continued)

GASB Statement No. 90, *Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statements information for certain component units. The implementation of this Statement did not have an effect on the financial statements of the School District.

GASB Statement No. 93, *Replacement of Interbank Offered Rates*. The objective of this Statement is to address those and other accounting and financial reporting implication that result from the replacement of an IBOR. The implementation of this Statement did not have an effect on the financial statements of the District.

GASB Statement No. 84, *Fiduciary Activities.* This Statement established specific criteria for identifying activities that should be reported as fiduciary activities and clarifies whether and how business-type activities should report their fiduciary activities. The District reviewed its fiduciary funds and one fund will be reported in the new fiduciary fund classification of custodial funds while other funds have been reclassified as governmental funds. These fund reclassifications resulted in the restatement of beginning net position for custodial funds, in the amount of $0.

NOTE 4: **ACCOUNTABILITY**

Deficit Fund Balances

Fund balances at June 30, 2021 included the following individual fund deficits:

Nonmajor Funds		
21 Century	$	7,370
ESSER		132,002
Vocational Education Enhancen		549
IDEA		86,587
Title I		78,290
IDEA Preschool		7,224
Miscellaneous Federal Grants		1,097

The General Fund is liable for any deficit in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balances resulted from adjustments for accrued liabilities.

NOTE 5: **DEPOSITS AND INVESTMENTS**

State statutes classify monies held by the District into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the District treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Board of Education has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use, but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

Interim monies may be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;

2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;

4. Bonds and other obligations of the State of Ohio, and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;

5. No-load money market mutual funds consisting exclusively of obligations described in items (1) and (2) above and repurchase agreements secured by such obligations, provided that investments in such securities described are made only through eligible institutions;

6. The State Treasurer's investment pool (STAR Ohio);

NOTE 5: **DEPOSITS AND INVESTMENTS** (Continued)

7. Certain bankers' acceptances for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met.

8. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts.

Protection of the District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institution participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. Except as noted above, an investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

A. **Cash on Hand**

At fiscal year end, the District had $2,700 in undeposited cash on hand which is included on the financial statements of the District as part of “equity in pooled cash and cash equivalents”.

B. **Deposits with Financial Institutions**

At June 30, 2021, the carrying amount of all District deposits was $2,998,652. Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures,* as of June 30, 2021, $2,755,250 of the District’s bank balance of $3,487,127 was covered by Federal Depository Insurance and $537,601 was uninsured and collateralized with securities held by the pledging financial institution’s trust department or agent, but not in the District’s name, and $194,276 was uninsured and uncollateralized. The District’s financial institution was approved for a reduced collateral rate of sixty percent through the Ohio Pooled Collateral System, resulting in the uninsured and uncollateralized balance.

NOTE 5: **DEPOSITS AND INVESTMENTS** (Continued)

Custodial credit risk for deposits is the risk that in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. Protection of the District's cash and deposits is provided by the Federal Deposit Insurance Corporation (FDIC), as well as qualified securities pledged by the institution holding the assets. Ohio law requires that deposits either be insured or protected by:

Eligible securities pledged to the District and deposited with a qualified trustee by the financial institution as security for repayment whose fair value at all times shall be at least 105 percent of the deposits being secured; or

Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total fair value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. The District’s financial institution is enrolled in OPCS.

C. **Investments**

STAR Ohio is measured at net asset value per share. The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. The below tables identify the School District’s recurring fair value measurement as of June 30, 2021. As previously discussed, Star Ohio is reported at its net asset value.

Investment Type	Net Asset Value	Investment Maturities 6 months or less
STAR Ohio	$ 19,090,097	$ 19,090,097

Interest Rate Risk: Interest rate risk arises as potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the District’s investment policy limits investment portfolio maturities to five years or less.

Credit Risk: STAR Ohio carries a rating of AAAm by Standard & Poor’s. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The District’s investment policy does not specifically address credit risk beyond requiring the District to only invest in securities authorized by State statute.

NOTE 5: **DEPOSITS AND INVESTMENTS** (Continued)

C. **Investments** (Continued)

***Concentration of Credit Risk**:* The District investment policy places no limits on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2021:

Investment Type	Net Asset Value	% of Total
STAR Ohio	$ 19,090,097	100%

D. **Reconciliation of Cash and Investments to the Statement of Net Position**

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position as of June 30, 2021:

Cash and Investments Per Note	
Carrying Amount of Deposits	$ 2,998,652
Investments	19,090,097
Cash on Hand	2,700
Total	$ 22,091,449

Cash and Investments per Statement of Net Position	
Governmental Activities	$ 22,091,449

NOTE 6: **PROPERTY TAXES**

Property taxes are levied and assessed on a calendar year basis while the District's fiscal year runs from July through June. First half tax collections are received by the District in the second half of the fiscal year. Second half tax distributions occur in the first half of the following fiscal year.

Property taxes include amounts levied against all real property and public utility property. Real property tax revenues received in calendar year 2021 represent the collection of calendar year 2020 taxes. Real property taxes received in calendar year 2021 were levied after April 1, 2020, on the assessed values as of January 1, 2020, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2021 represent the collection of calendar year 2020 taxes. Public utility real and personal property taxes received in calendar year 2021 became a lien on December 31, 2019, were levied after April 1, 2020, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

NOTE 6: **PROPERTY TAXES** (Continued)

The District receives property taxes from Seneca County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2021, are available to finance fiscal year 2021 operations.

The amount available as an advance at June 30, 2021 was $871,392 in the General Fund, $39,406 in the Bond Retirement Fund (a nonmajor governmental fund), $56,709 in the Permanent Improvement Fund (a nonmajor governmental fund), and $10,554 in the Classroom Facilities Maintenance Fund (a nonmajor governmental fund). This amount is recorded as revenue. The amount available as an advance at June 30, 2020 was $906,488 in the General Fund, $52,635 in the Bond Retirement Fund (a nonmajor governmental fund), $49,662 in the Permanent Improvement Fund (a nonmajor governmental fund), and $12,534 in the Classroom Facilities Maintenance Fund (a nonmajor governmental fund). The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property, and delinquent tangible personal property taxes which are measurable as of June 30, 2021, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows. On the accrual basis of accounting, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis of accounting the revenue has been reported as a deferred inflow.

The assessed values upon which the fiscal year 2021 taxes were collected are:

	2020 Second Half Collections		2021 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	$ 343,743,370	86.37%	$ 362,181,720	86.46%
Public Utility Personal	54,260,370	13.63%	56,719,910	13.54%
Total	$ 398,003,740	100.00%	$ 418,901,630	100.00%
Tax Rate per $1,000 of Assessed Valuation	$ 57.72		$ 57.32	

NOTE 7: RECEIVABLES

Receivables at June 30, 2021, consisted of taxes, accounts (billings for user charged services and student fees), and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds.

A summary of the principal items of receivables reported on the Statement of Net Position follows:

Governmental Activities		
Taxes	$	14,375,273
Accounts		12,264
Intergovernmental		952,302
Total Governmental Activities	$	15,339,839

Receivables have been disaggregated on the face of the basic financial statements. All receivables, except the intergovernmental receivable from Buckeye Central Local School District, are expected to be collected in the subsequent year.

During fiscal year 2002, the District entered into an agreement to transfer ownership and operation of the Bloomville Elementary School to the Buckeye Central Local School District. Under this agreement, the Buckeye Central Local School District will pay a pro rata share of the District's general obligation debt, which amounts to $23,325 semi-annually including interest. The District records the receipts from this agreement in the Bond Retirement Fund (a nonmajor governmental fund).

This receivable, in the amount of $87,148 is included in the intergovernmental receivable amount reported on the Statement of Net Position.

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NOTE 8: CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2021, was as follows:

	Balance 6/30/2020	Additions	Deletions	Balance 6/30/2021
Governmental Activities				
Capital Assets, not being depreciated:				
Land	$ 3,029,437	$ -	$ -	$ 3,029,437
Construction in Progress	42,113	63,211	(105,324)	-
Total Capital Assets, not being depreciated	3,071,550	63,211	(105,324)	3,029,437
Capital Assets, being depreciated:				
Land Improvements	3,075,204	14,606	-	3,089,810
Buildings and Improvements	24,574,358	105,324	-	24,679,682
Furniture and Equipment	2,546,432	291,328	(15,030)	2,822,730
Vehicles	2,405,304	223,812	(72,230)	2,556,886
Total Capital Assets, being depreciated	32,601,298	635,070	(87,260)	33,149,108
Less Accumulated Depreciation:				
Land Improvements	(2,257,766)	(77,192)	-	(2,334,958)
Buildings and Improvements	(13,041,756)	(542,332)	-	(13,584,088)
Furniture and Equipment	(1,122,456)	(107,534)	15,030	(1,214,960)
Vehicles	(1,275,786)	(145,887)	72,230	(1,349,443)
Total Accumulated Depreciation	(17,697,764)	(872,945)	87,260	(18,483,449)
Total Capital Assets being depreciated, Net	14,903,534	(237,875)	-	14,665,659
Governmental Activities Capital Assets, Net	$ 17,975,084	$ (174,664)	$ (105,324)	$ 17,695,096

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	$ 25,151
Supporting Services:	
Administration	8,210
Operation and Maintenance of Plant	655,389
Pupil Transportation	163,759
Operation of Non-Instructional Services:	
Food Service Operations	20,436
Total Depreciation Expense	$ 872,945

NOTE 9: LONG-TERM OBLIGATIONS

During fiscal year 2021, the following activity occurring in the governmental activities long-term obligations.

	Balance as of 6/30/2020	Issuances	Retirements	Balance as of 6/30/2021	Amounts Due In One Year
School Improvement refunding bonds, 2.00 to 3.00% matures 12/01/2023	$ 2,670,000	$ -	$ (645,000)	$ 2,025,000	$ 655,000
Energy Conservation Bonds	425,000	-	(40,000)	385,000	40,000
Certificates of Partcipation - Direct borrowings	605,000	-	(60,000)	545,000	60,000
Total Net Pension Liability	29,021,472	3,940,649	-	32,962,121	-
Total Net OPEB Liability	3,059,291	-	(240,942)	2,818,349	-
Compensated Absences	1,202,864	13,581	(77,375)	1,139,070	52,244
Total Long-Term Obligations	$ 36,983,627	$ 3,954,230	$ (1,063,317)	$ 39,874,540	$ 807,244
Add: unamortized premium				61,009	
Total on statement of net position				$ 39,935,549	

There is no repayment schedule for the net pension liability and net OPEB liability; however, employer pension and OPEB contributions are made from the General Fund. For additional information related to the net pension liability and net OPEB liability see Notes 12 and 13.

Compensated absences will be paid from the funds from which the employees' salaries are paid. The payments primarily will be made from the General Fund.

The school improvement general obligation bonds were issued to provide the resources for school improvement projects undertaken by the District. These bonds are a general obligation of the District for which the full faith and credit of the District is pledged for repayment. Principal and interest payments related to these bonds are made from the Bond Retirement Fund, a nonmajor governmental fund.

On May 1, 2017, the District issued school improvement refunding bonds, Series 2017 of $4,280,000 with an interest rate of three percent to advance refund the callable portion of the series 2007 school improvement general obligation bonds The net proceeds from the issuance of the general obligation bonds were deposited in an irrevocable trust with an escrow agent to provide debt service payments until the term bonds were called on June 1, 2017. The advance refunding met the requirements of an insubstance defeasance and the term bonds were removed from the District's government-wide financial statements.

The net carrying value of the old debt exceeded the reacquisition price by $148,562. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued. This advance refunding was undertaken to reduce total debt service payments over the next seven years by 5.95% and resulted in an economic gain of $257,519.

NOTE 9: **LONG-TERM OBLIGATIONS** (Continued)

The following is a schedule of activity for fiscal year 2021 of the refunding bonds:

	Balance as of 6/30/2020	Issuances	Retirements	Balance as of 6/30/2021
School Improvement refunding bonds, Series 2017				
Current Interest Bonds	$ 2,670,000	$ -	$ (645,000)	$ 2,025,000
Premium on Bonds	86,255	-	(25,246)	61,009
Total refunding bonds	$ 2,756,255	$ -	$ (670,246)	$ 2,086,009

The following is a summary of the future debt service requirements to maturity for the refunding bonds:

Fiscal Year	Current Interest Bonds		
Ending June 30,	Principal	Interest	Total
2022	$ 655,000	$ 50,925	$ 705,925
2023	675,000	30,975	705,975
2024	695,000	10,425	705,425
	$ 2,025,000	$ 92,325	$ 2,117,325

On December 20, 2013, the District entered into a lease agreement (direct borrowing) to provide $955,000 for the improvement and equipping of certain school buildings of the District by installations, modifications, and remodeling to reduce energy consumption. Under that agreement, which provides for fifteen consecutive one-year terms and contemplates annual renewals, the District is to make payments on June 1 and December 1 of each year through 2028 to provide for the leasing and eventual acquisition of the leased improvements and equipment. Those rental payments, which are anticipated to be made from the District's General Fund, include both principal components and interest components reflecting an interest rate of 4.20 percent per year.

The following is a summary of the future rental payments to be made under the agreement and the related principal and interest components:

Fiscal Year	Certificates of Participation - Direct Borrowings		
Ending June 30,	Principal	Interest	Total
2022	$ 60,000	$ 22,260	$ 82,260
2023	70,000	19,635	89,635
2024	70,000	16,695	86,695
2025	70,000	13,755	83,755
2026	75,000	10,815	85,815
2027-2029	200,000	12,600	212,600
	$ 545,000	$ 95,760	$ 640,760

NOTE 9: **LONG-TERM OBLIGATIONS** (Continued)

The renewal of the lease agreement beyond the current term and for each renewal term, and the District's obligation to pay rental payments, are subject to and dependent upon annual appropriations by the District sufficient to pay the lease payments due during that term. The District's obligation to make rental payments under the lease agreement does not constitute a debt of the District within the meaning of any constitutional or statutory limitation.

The District's outstanding certificate of participation is secured with windows installed at the District to reduce energy consumption. The outstanding certificate of participation contain provision that in an event of default, the (a) lessor may declare all rental payments and other amounts payable by Lessee to be due, (b) lessor may terminate the equipment schedules and retake possession of the equipment, (c) lessor may take any action that is permitted by applicate law to enforce or to protect any of its rights under the equipment schedule and master lease

On December 12, 2013, the District issued $645,000 in energy conservation bonds (federally taxable qualified school construction bonds). The proceeds of these bonds were used for building improvements intended to increase the energy efficiency of the District's buildings. These bonds bear an annual interest rate of 3.60 percent, mature on December 1, 2028 and will be paid from the Bond Retirement Fund. Principal and interest payments on the bonds are due on June 1 and December 1 of each year. The following is a summary of future debt service requirements to maturity for the energy conservation bonds outstanding at June 30, 2021:

Ending June 30,	Principal	Interest	Total
2022	$ 40,000	$ 13,140	$ 53,140
2023	45,000	11,610	56,610
2024	45,000	9,990	54,990
2025	45,000	8,370	53,370
2026	50,000	8,370	58,370
2027-2029	160,000	8,820	168,820
	$ 385,000	$ 60,300	$ 445,300

Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9 percent of the total assessed valuation of the District. The Code further provides that unvoted indebtedness shall not exceed 1/10 of 1 percent of the property valuation of the District. The Ohio Revised Code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1 percent of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2021, are a voted debt margin of $37,024,997 (including available funds of $1,348,850), an unvoted debt margin of $418,902 and an unvoted energy conservation debt margin of $3,385,115.

NOTE 10: COMPENSATED ABSENCES

A. Vacation

Employees earn vacation at rates specified under State of Ohio law and based on credited service. Certified and classified employees with one or more years of service are entitled to vacation ranging from 10 to 20 days. Custodial employees who are not full-time employees will earn vacation days with pay based on the number of hours worked in a given year. Employees are permitted to carry over vacation leave earned in the current year into the next year.

B. Sick Leave

Each full time professional staff member is entitled to 15 days sick leave with pay for each year under contract and accrues sick leave at the rate of 1 ¼ days for each calendar month under contract. Sick leave is cumulative to 260, 265, or 270 days based upon the employee's union agreement.

C. Service Retirement

Certified employees with at least 10 years of District service, are eligible for service retirement pay after the Board of Education accepts the employee's resignation. Service retirement pay is the certified employee's accrued but unused sick leave days at the time of retirement based on 25 percent of accumulative sick leave to a maximum of 65 or 67.5 days, based upon the employee's union agreement.

Non-certified employees with at least 10 years of District service, are eligible for service retirement pay after the Board of Education accepts the employee's resignation. Service retirement pay is the non-certified employee's accrued but unused sick leave days at the time of retirement based on 25 percent of accumulative sick leave to a maximum of 65 or 66.25 days, based upon the employee's union agreement.

NOTE 11: RISK MANAGEMENT

A. Property and Liability

The District maintains comprehensive insurance coverage with a private carrier for liability, real property, building contents, boiler/machinery, and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. In addition, real property contents are 100 percent coinsured. Real property contents are fully registered. The District has entered into contracts with various insurance agencies for the following amounts of coverage and deductions. The following is a description of the District's insurance coverages and deductibles.

NOTE 11: **RISK MANAGEMENT** (Continued)

A. **Property and Liability** (Continued)

Type of Coverage		Coverage	Deductible
General Liability	$ 2,000,000	General Aggregate	
	2,000,000	Products/Completed Ops. Aggregate	
	1,000,000	Personal & Advertising Injury	
	1,000,000	Each Occurrence	
	500,000	Fire Damage	
	10,000	Medical Expense	
Business Auto	1,000,000	Liability (Combined Single Limit)	
	5,000	Medical Payments	
Commercial Property	77,867,396	Blanket Buildings	$ 2,500
	13,915,800	Blanket Business Personal Property	2,500
Employers Liability	$ 1,000,000	Each Accident	
	1,000,000	Disease - Policy Limit	
	1,000,000	Disease - Each Employee	
Employee Benefits Liability	1,000,000	Each Claim	1,000
	2,000,000	Aggregate	
Sexual Misconduct	1,000,000	General Aggregate	
	1,000,000	Each Occurrence	
Errors & Omissions	1,000,000	Each Wrongful Act	2,000
	1,000,000	Aggregate	
Data Processing Equipment	1,520,250	Hardware/Breakdown	500
Crime	50,000	Employee Dishonesty	500
	50,000	Bond per Employee	
Flood:			
Tiffin Middle School	500,000	Building	2,000
	500,000	Contents	2,000
Athletic Complex/Maintenance	500,000	Building	2,000
	50,000	Contents	2,000
Umbrella	5,000,000	Each Occurrence	
	5,000,000	Aggregate	
Cyber Liability	1,000,000	Aggregate	
	1,000,000	Policy Limit	10,000

NOTE 11: **RISK MANAGEMENT** (Continued)

A. **Property and Liability** (Continued)

Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. There has been no significant reduction in coverage from the prior year.

B. **Health Insurance**

The District is a member of the North Central Ohio Joint Self-Insurance Association (the "Association"). This organization is a public entity risk pool consisting of the District, North Central Ohio Educational Service Center, and four local school districts: Old Fort, Seneca East, Buckeye, and Mohawk.

The Association was established pursuant to ORC 9.833 in order to act as a common risk management and insurance program. The Association's Board of Directors is comprised of one member from each of the school districts and the educational service center. The North Central Ohio Educational Service Center acts as fiscal agent for the association.

C. **Workers' Compensation**

For fiscal year 2021, the District participated in the OASBO/OSBA Workers' Compensation Group Retrospective-Rating Program (GRP), an insurance purchasing pool. The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is tiered into groups based upon past workers' compensation experience. Within each tiered group, a common premium rate is applied to all school districts within that group. Each participant pays its workers' compensation premium to the state based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of their tiered group. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Sedgwick, Inc. provides administrative, cost control, and actuarial services to the GRP.

NOTE 12: DEFINED BENEFIT PENSION PLAN

A. Net Pension Liability

The net pension liability reported on the Statement of Net Position represents a liability to employees for pensions. Pensions are a component of exchange transactions-–between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability represents the District's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

Ohio Revised Code limits the District's obligation for this liability to annually required payments. The District cannot control benefit terms or the manner in which pensions are financed; however, the District does receive the benefit of employees' services in exchange for compensation including pension.

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years.

If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan's unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting.

B. Plan Description - School Employees Retirement System (SERS)

Plan Description –District non-teaching employees participate in SERS, a cost-sharing, multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability, and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries.

NOTE 12: **DEFINED BENEFIT PENSION PLAN** (Continued)

B. **Plan Description - School Employees Retirement System (SERS)** (Continued)

Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information, and detailed information about SERS' fiduciary net position. That report can be obtained by visiting the SERS website at www.ohsers.org under Employers/Audit Resources. Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire on or after August 1, 2017
Full Benefits	Any age with 30 years of service credit Age 65 with 5 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially Reduced Benefits	Age 60 with 5 years of service credit Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

* Members with 25 years of service credit as of August 1, 2017, will be included in this plan.

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on years of service; 2.2 percent for the first thirty years of service and 2.5 percent for years of service credit over 30. Final average salary is the average of the highest three years of salary.

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost of living adjustment (COLA) on the first anniversary date of the benefit. Beginning April 1, 2018, new benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. A three-year COLA suspension is in effect for all benefit recipients for the years 2018, 2019, and 2020. Upon resumption of the COLA, it will be indexed to the percentage increase in the CPI-W, not to exceed 2.5% and with a floor of 0.0%. In 2020, the Board of Trustees approved a 0.5% cost-of-living adjustment (COLA) for eligible retirees and beneficiaries in 2021.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2021, the allocation to pension, death benefits, and Medicare B was the entire 14.0 percent and did not allocation any employer contributions to the Health Care Fund.

The District's contractually required contribution to SERS was $598,367 for fiscal year 2021. Of this amount $60,739 is reported as an intergovernmental payable.

NOTE 12: **DEFINED BENEFIT PENSION PLAN** (Continued)

C. **Plan Description - State Teachers Retirement System (STRS)**

Plan Description –District licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing, multiple-employer public employee retirement system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information, and detailed information about STRS' fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Web site at www.strsoh.org.

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan, and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. Effective July 1, 2017, the cost-of-living adjustment was reduced to zero. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 28 years of service, or 33 years of service regardless of age. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60. Eligibility changes for DB plan members who retire with actuarially reduced benefits will be phased in until August 1, 2023 when retirement eligibility will be five years of qualifying servicer credit and age 60, or 30 years or service credit at any age.

The DC Plan allows members to place all their member contributions and 9.53 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.47 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 12.0 of the 14.0 percent member rates goes to the DC Plan and the remaining 2.0 percent goes to the DB plan. Member contributions to the DC plan are allocated among investment choices by the member, and contributions to the DB plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of services. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity after termination of employment at age 50 or later.

NOTE 12: **DEFINED BENEFIT PENSION PLAN** (Continued)

C. **Plan Description - State Teachers Retirement System (STRS)** (Continued)

New members who choose the DC plan or Combined Plan will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS plan. The optional annuitization of a member's defined contribution account or the defined contribution portion of a member's Combined Plan account to a lifetime benefit results in STRS bearing the risk of investment gain or loss on the account. STRS has therefore included all three plan options in the GASB 68 schedules of employer allocation and pension amounts by employer.

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. Eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2013, must have at least ten years of qualifying service credit that apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the fiscal year ended June 30, 2021, plan members were required to contribute 14 percent of their annual covered salary. The District was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2021 contribution rates were equal to the statutory maximum rates.

The District's contractually required contributions to STRS was $1,752,808 for fiscal year 2021. Of this amount $306,564 is reported as an intergovernmental payable.

D. **Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	SERS	STRS	Total
Proportion of the Net Pension Liability Prior Measurement Date	0.1194159%	0.09892473%	
Proportion of the Net Pension Liability Current Measurement Date	0.1252387%	0.10199256%	
Change in Proportionate Share	0.0058228%	0.00306783%	
Proportionate Share of the Net Pension Liability	$ 8,283,550	$ 24,678,571	$ 32,962,121
Pension Expense	$ 1,365,913	$ 3,542,530	$ 4,908,443

NOTE 12: **DEFINED BENEFIT PENSION PLAN** (Continued)

D. **Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** (Continued)

At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	$ 16,090	$ 55,372	$ 71,462
Changes of assumptions	-	1,324,761	1,324,761
Net difference between projected and actual earnings on pension plan investments	525,836	1,200,120	1,725,956
Changes in proportion and differences between contributions and proportionate share of contributions	280,582	1,295,475	1,576,057
School District contributions subsequent to the measurement date	598,367	1,752,808	2,351,175
Total Deferred Outflows of Resources	$ 1,420,875	$ 5,628,536	$ 7,049,411
Deferred Inflows of Resources			
Differences between expected and actual experience	$ -	$ 157,804	$ 157,804
Changes in proportion and differences between contributions and proportionate share of contributions	-	79,163	79,163
Total Deferred Inflows of Resources	$ -	$ 236,967	$ 236,967

$2,351,175 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal Year Ending June 30:	SERS	STRS	Total
2022	$ 200,528	$ 1,187,157	$ 1,387,685
2023	238,169	843,062	1,081,231
2024	383,811	934,267	1,318,078
2025	-	674,275	674,275
Total	$ 822,508	$ 3,638,761	$ 4,461,269

NOTE 12: **DEFINED BENEFIT PENSION PLAN** (Continued)

E. **Actuarial Assumptions - SERS**

SERS' total pension liability was determined by their actuaries in accordance with GASB Statement No. 67 as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment termination). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2020, are presented below:

Wage Inflation	3.00 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent
COLA or Ad Hoc COLA	2.5 percent, on and after April 1, 2018, COLA's for future retirees will be delayed for three years following commencement
Investment Rate of Return	7.50 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal

The mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and Scale BB, 120% of male rates and 110% of female rates is used to evaluate allowances to be paid. The RP-2000 Disabled Mortality Table with 90% for male rates and 100% for female rates set back five years is used for the period after disability retirement.

The most recent experience study was completed for the five year period ended June 30, 2015.

The long-term return expectation for the Pension Plan Investments has been determined using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class.

NOTE 12: **DEFINED BENEFIT PENSION PLAN** (Continued)

E. **Actuarial Assumptions – SERS** (Continued)

The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. The target allocation and best estimates of arithmetic real rates of return for each major assets class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00 %	1.85 %
US Stocks	22.50	5.75
International Stocks	22.50	6.50
Fixed Income	19.00	2.85
Private Equity	12.00	7.60
Real Assets	17.00	6.60
Multi-Asset Strategies	5.00	6.65
Total	100.00 %	

Discount Rate The total pension liability was calculated using the discount rate of 7.50 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.50 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.50 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50 percent), or one percentage point higher (8.50 percent) than the current rate.

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
School District's proportionate share of the net pension liability	$11,347,454	$8,283,550	$5,712,879

NOTE 12: **DEFINED BENEFIT PENSION PLAN** (Continued)

E. **Actuarial Assumptions – SERS** (Continued)

Changes since measurement date The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of SERS, including the fair value of SERS' investment portfolio. However, because the values of individual investments fluctuate with market conditions, and due to market volatility, the amount of losses that may be recognized in subsequent periods cannot be determined with half of the fiscal year remaining. In addition, the impact on SERS' future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

At its September meeting 2020, the Board unanimously voted to approve a 0.5% cost-of-living adjustment (COLA) increase for eligible retirees and beneficiaries in 2021. Previously, COLAs were suspended from 2018 through 2020.

F. **Actuarial Assumptions – STRS**

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2020, actuarial valuation:

Inflation	2.50 percent
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation
Discount Rate of Return	7.45 percent
Payroll Increases	3 percent
Cost-of-Living Adjustments	0.0 percent

Post-retirement mortality rates for healthy retirees are based on the RP-2014 Annuitant Mortality Table with 50% of rates through age 69, 70% of rates between ages 70 and 79, 90% of rates between ages 80 and 84, and 100% of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90% of rates for males and 100% of rates for females, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the July 1, 2020 valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

STRS Ohio's investment consultant develops an estimate range for the investment return assumption based on the target allocation adopted by the Retirement Board. The target allocation and long-term expected rate of return for each major asset class are summarized as follows:

NOTE 12: **DEFINED BENEFIT PENSION PLAN** (Continued)

F. **Actuarial Assumptions – STRS** (Continued)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return *
Domestic Equity	28.00 %	7.35 %
International Equity	23.00	7.55
Alternatives	17.00	7.09
Fixed Income	21.00	3.00
Real Estate	10.00	6.00
Liquidity Reserves	1.00	2.25
Total	100.00 %	

***** 10-Year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25% and does not include investment expenses. Over a 30-year period, STRS Ohio's investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate The discount rate used to measure the total pension liability was 7.45 percent as of June 30, 2020. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2020. Therefore, the long-term expected rate of return on pension plan investments of 7.45 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2020.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.45 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.45 percent) or one-percentage-point higher (8.45 percent) than the current rate:

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
District's proportionate share of the net pension liability	$ 35,137,988	$ 24,678,571	$ 15,815,085

NOTE 13: **DEFINED BENEFIT OPEB PLANS**

A. **Net OPEB Liability/Asset**

The net OPEB liability and net OPEB asset reported on the statement of net position represents a liability or asset to employees for OPEB. OPEB is a component of exchange transactions-–between an employer and its employees—of salaries and benefits for employee services. OPEB are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for OPEB is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net OPEB liability and net OPEB asset represent the District's proportionate share of each OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each OPEB plan's fiduciary net position. The net OPEB liability and net OPEB asset calculations are dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting these estimates annually.

Ohio Revised Code limits the District's obligation for this liability to annually required payments. The District cannot control benefit terms or the manner in which OPEB are financed; however, the District does receive the benefit of employees' services in exchange for compensation including OPEB.

GASB 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability and net OPEB asset. Resulting adjustments to the net OPEB liability and net OPEB asset would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The proportionate share of each plan's unfunded benefits is presented as a long-term *net OPEB liability* on the accrual basis of accounting. Any liability for the contractually-required OPEB contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting.

B. **Plan Description - School Employees Retirement System (SERS)**

Health Care Plan Description - The District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents.

NOTE 13: **DEFINED BENEFIT OPEB PLANS** (Continued)

B. **Plan Description - School Employees Retirement System (SERS)** (Continued)

Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. The financial report of the Plan is included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Active employee members do not contribute to the Health Care Plan.

The SERS Retirement Board established the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2021, there was no contributions made to health care. A health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2021, this amount was $23,000. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge.

The surcharge is the total amount assigned to the Health Care Fund. The District's contractually required contribution to SERS was $78,930 for fiscal year 2021. The full amount is reported as an intergovernmental payable.

C. **Plan Description - State Teachers Retirement System (STRS)**

Plan Description – The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan.

NOTE 13: **DEFINED BENEFIT OPEB PLANS** (Continued)

C. **Plan Description - State Teachers Retirement System (STRS)** (Continued)

Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Medicare Part B premium reimbursements will be discontinued effective January 1, 2021. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium.

Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2021, STRS did not allocate any employer contributions to post-employment health care.

D. **OPEB Liabilities, OPEB Asset, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

The net OPEB liability and net OPEB asset were measured as of June 30, 2020, and the total OPEB liability and asset used to calculate the net OPEB liability and net OPEB asset were determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability and net OPEB asset were based on the District's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	SERS	STRS	Total
Proportion of the Net OPEB Liability/asset Prior Measurement Date	0.1216520%	0.09892473%	
Proportion of the Net OPEB Liability/asset Current Measurement Date	0.1296790%	0.10199256%	
Change in Proportionate Share	0.0080270%	0.00306783%	
Proportionate Share of the Net OPEB Liability/(asset)	$ 2,818,349	$ (1,792,517)	$ 1,025,832
OPEB Expense	$ 107,929	$ (81,975)	$ 25,954

NOTE 13: **DEFINED BENEFIT OPEB PLANS** (Continued)

D. **OPEB Liabilities, OPEB Asset, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB** (Continued)

At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	$ 37,016	$ 114,856	$ 151,872
Changes of assumptions	480,432	29,589	510,021
Net difference between projected and actual earnings on OPEB plan investments	31,758	62,822	94,580
Changes in proportion and differences between contributions and proportionate share of contributions	426,594	142,842	569,436
School District contributions subsequent to the measurement date	78,930	-	78,930
Total Deferred Outflows of Resources	$ 1,054,730	$ 350,109	$ 1,404,839
Deferred Inflows of Resources			
Differences between expected and actual experience	$ 1,433,326	$ 357,044	$ 1,790,370
Changes of assumptions	70,989	1,702,594	1,773,583
Changes in proportion and differences between contributions and proportionate share of contributions	-	30,546	30,546
Total Deferred Inflows of Resources	$ 1,504,315	$ 2,090,184	$ 3,594,499

$78,930 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability and net OPEB asset in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2022	$ (102,509)	$ (438,275)	$ (540,784)
2023	(100,214)	(395,751)	(495,965)
2024	(100,585)	(380,839)	(481,424)
2025	(106,497)	(361,436)	(467,933)
2026	(87,545)	(77,869)	(165,414)
Thereafter	(31,165)	(85,905)	(117,070)
Total	$ (528,515)	$ (1,740,075)	$ (2,268,590)

NOTE 13: **DEFINED BENEFIT OPEB PLANS** (Continued)

E. **Actuarial Assumptions - SERS**

The total OPEB liability is determined by SERS' actuaries in accordance with GASB Statement No. 74, as part of their annual actuarial valuation for each retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment terminations). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases, actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2020, are presented below:

Wage Inflation	3.00 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent
Investment Rate of Return	7.50 percent net of investments expense, including inflation
Municipal Bond Index Rate:	
Measurement Date	2.45 percent
Prior Measurement Date	3.13 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Measurement Date	2.63 percent
Prior Measurement Date	3.22 percent
Medical Trend Assumption	
Medicare	5.25 to 4.75 percent
Pre-Medicare	7.00 to 4.75 percent

NOTE 13: **DEFINED BENEFIT OPEB PLANS** (Continued)

E. **Actuarial Assumptions – SERS** (Continued)

Mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and Scale BB, 120 percent of male rates and 110 percent of female rates. RP-2000 Disabled Mortality Table with 90 percent for male rates and 100 percent for female rates set back five years.

The most recent experience study was completed for the five year period ended June 30, 2015.

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2010 through 2015, and was adopted by the Board on April 21, 2016. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.50 percent, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class, as used in the June 30, 2015 five-year experience study, are summarized as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00 %	1.85 %
US Stocks	22.50	5.75
Non-US Stocks	22.50	6.50
Fixed Income	19.00	2.85
Private Equity	12.00	7.60
Real Assets	17.00	6.60
Multi-Asset Strategies	5.00	6.65
Total	100.00 %	

NOTE 13: **DEFINED BENEFIT OPEB PLANS** (Continued)

E. **Actuarial Assumptions – SERS** (Continued)

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2020 was 2.63 percent. The discount rate used to measure total OPEB liability prior to June 30, 2019 was 3.22 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the state statute contribution rate of 2.00 percent of projected covered employee payroll each year, which includes a 1.50 percent payroll surcharge and 0.50 percent of contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2025. Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefit payments through the fiscal year ending June 30, 2024 and the Fidelity General Obligation 20-year Municipal Bond Index rate of 2.45 percent, as of June 30, 2020 (i.e. municipal bond rate), was used to present value the projected benefit payments for the remaining years in the projection. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.63%) and higher (3.63%) than the current discount rate (2.63%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.00% decreasing to 3.75%) and higher (8.00% decreasing to 5.75%) than the current rate.

	1% Decrease (1.63%)	Current Discount Rate (2.63%)	1% Increase (3.63%)
School District's proportionate share of the net OPEB liability	$ 3,449,589	$ 2,818,349	$ 2,316,514

	1% Decrease (6.00 % decreasing to 3.75%)	Current Trend Rate (7.00 % decreasing to 4.75%)	1% Increase (8.00 % decreasing to 5.75%)
School District's proportionate share of the net OPEB liability	$ 2,219,235	$ 2,818,349	$ 3,619,517

NOTE 13: **DEFINED BENEFIT OPEB PLANS** (Continued)

F. **Actuarial Assumptions – STRS**

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of SERS, including the fair value of SERS' investment portfolio. However, because the values of individual investments fluctuate with market conditions, and due to market volatility, the amount of losses that may be recognized in subsequent periods cannot be determined with half of the fiscal year remaining. In addition, the impact on SERS' future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2020, actuarial valuation is presented below:

Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65	
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation	
Payroll Increases	3 percent	
Discount Rate of Return	7.45 percent	
Health Care Cost Trends	Initial	Ultimate
Medical		
Pre-Medicare	5.00 percent	4.00 percent
Medicare	-6.69 percent	4.00 percent
Prescription Drug		
Pre-Medicare	6.50 percent	
Medicare	11.87 percent	4.00 percent

Projections of benefits include the historical pattern of sharing benefit costs between the employers and retired plan members.

For healthy retirees the mortality rates are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. For disabled retirees, mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the June 30, 2020, valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

Assumption Changes Since the Prior Measurement Date - There were no changes in assumptions since the prior measurement date of June 30, 2019.

NOTE 13: **DEFINED BENEFIT OPEB PLANS** (Continued)

F. **Actuarial Assumptions – STRS** (Continued)

STRS' investment consultant develops an estimate range for the investment return assumption based on the target allocation adopted by the Retirement Board. The target allocation and long-term expected rate of return for each major asset class are summarized as follows:

Asset Class	Target Allocation	Long-Term Expected Rate of Return *
Domestic Equity	28.00 %	7.35 %
International Equity	23.00	7.55
Alternatives	17.00	7.09
Fixed Income	21.00	3.00
Real Estate	10.00	6.00
Liquidity Reserves	1.00	2.25
Total	100.00 %	

* 10 year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 percent and does not include investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actual rate of return, without net value added by management.

Discount Rate The discount rate used to measure the total OPEB liability was 7.45 percent as of June 30, 2020. The projection of cash flows used to determine the discount rate assumes STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on health care plan investments of 7.45 percent was used to measure the total OPEB liability as of June 30, 2020.

Sensitivity of the District's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate The following table represents the net OPEB asset as of June 30, 2020, calculated using the current period discount rate assumption of 7.45 percent, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.45 percent) or one percentage point higher (8.45 percent) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

NOTE 13: **DEFINED BENEFIT OPEB PLANS** (Continued)

F. **Actuarial Assumptions – STRS** (Continued)

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
School District's proportionate share of the net OPEB asset	$ 1,559,607	$ 1,792,517	$ 1,990,134

	1% Decrease	Current Trend Rate	1% Increase
School District's proportionate share of the net OPEB asset	$ 1,977,867	$ 1,792,517	$ 1,566,734

Benefit Term Changes Since the Prior Measurement Date There was no change to the claims costs process. Claim curves were updated to reflect the projected FYE 2021 premium based on June 30, 2020 enrollment distribution. The non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984% to 2.055% per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2021. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.

NOTE 14: **BUDGETARY BASIS OF ACCOUNTING**

While reporting financial position, results of operations, and changes in fund balance on the basis of accounting principles generally accepted in the United States of America (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts and disbursements.

The Statement of Revenue, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) presented for the General Fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

(a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);

(b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);

(c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis); and,

NOTE 14: **BUDGETARY BASIS OF ACCOUNTING** (Continued)

(d) Some funds are included in the General Fund (GAAP basis), but have separate legally adopted budgets (budget basis).

The adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis for the General Fund is as follows:

Net Change in Fund Balance		
GAAP Basis	$	503,243
Net Adjustment for Revenue Accruals		151,932
Net Adjustment for Expenditure Accruals		(2,014)
Funds with Separate Legally Adopted Budgets		(7,284)
Adjustment for Encumbrances		(1,397,085)
Budget Basis	$	(751,208)

Certain funds that are legally budgeted in separate special revenue funds are considered part of the General Fund on a GAAP basis. This includes the Uniform School Supplies Fund and the Public School Support Fund.

NOTE 15: **CONTINGENCIES**

A. **Grants**

The District receives significant financial assistance from numerous federal, State, and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the District.

B. **Litigation**

The District was party to two legal proceedings in which one awarded the plaintiff's deductible for vehicle damage and the other was voluntarily dismissed by the plaintiff. The District is also party to a legal proceeding to appeal an employment decision. The District is of the opinion that the claim had no material effect on the financial condition of the District.

C. **Foundation Funding**

School District foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end.

NOTE 15: **CONTINGENCIES** (Continued)

C. **Foundation Funding** (Continued)

As of the date of this report, ODE adjustments for fiscal year 2021 have been finalized and resulted in a net receivable of $12,673. A payable of $77,211 is reported on the financial statements. The receivable of $89,884 is not reported on the financial statements.

NOTE 16: **SET-ASIDES**

The District is required by State law to annually set aside certain General Fund revenue amounts, as defined by statutory formula, for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the year must be held in cash at fiscal year-end. This amount must be carried forward to be used for the same purpose in future years. Expenditures exceeding the set-aside requirement may not be carried forward to the next fiscal year. The following cash basis information describes the change in the fiscal year-end set-aside amount for capital improvements. Disclosure of this information is required by State statute.

	Capital Improvements
Set-Aside Balance as of June 30, 2020	$ -
Current Year Set-Aside Requirements	461,850
Qualifying Disbursements	(289,690)
Qualifying Offsets	(918,983)
Total	$ (746,823)
Set-Aside Balance Carried Forward to Future Fiscal Years	$ -
Set-Aside Balance as of June 30, 2021	$ -

NOTE 17: **OTHER COMMITMENTS**

The District utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year end may be reported as part of restricted, committed, or assigned classifications of fund balance. At year end, the District's commitments for encumbrances in the governmental funds were as follows:

	Outstanding Encumbrances
General Fund	$ 1,180,884
Nonmajor governmental funds	488,220
	$ 1,669,104

NOTE 18: INTERFUND TRANSACTIONS

A. Interfund Transfers

During fiscal year 2021, $54,580 was transferred from the General Fund to Other Governmental Funds to provide additional resources for current operations and to pay for the energy conservation debt. On the government-wide financial statements, the transfers between governmental funds of $54,580 were eliminated since they were within governmental activities.

B. Interfund Receivables and Payables

The composition of interfund balances as of June 30, 2021, is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Other Governmental Funds	$ 397,395

On the fund financial statements, the General Fund reported an interfund receivable and the nonmajor governmental fund reported an interfund payable of $397,395. The General Fund provided loans to the nonmajor governmental funds to eliminate negative cash balances and to provide short-term funding of operations for federal grants. The General Fund covered the cash deficits in the nonmajor governmental funds until funds are received from the grantor. The District anticipates received reimbursements from the grantor shortly after year-end.

NOTE 19: FUND BALANCES

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily in the extent to which the District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The constraints placed on the fund balance for the major governmental funds and all other governmental funds are presented on the next page:

NOTE 19: **FUND BALANCES** (Continued)

Fund Balances	General	Other Governmental Funds	Total Governmental Funds
Nonspendable			
Inventories	$ 172,916	$ 21,927	$ 194,843
Restricted for			
Food Service Operations	-	286,146	286,146
Student Wellness		285,259	285,259
Capital Projects	-	1,316,453	1,316,453
Classroom Facilities Maintenance	-	1,131,153	1,131,153
Debt Service	-	1,348,850	1,348,850
Auxiliary Services	-	70,187	70,187
District Managed Activities	-	143,185	143,185
Private Purpose Trust	-	9,286	9,286
Endowment	-	14,471	14,471
Other Grants	-	160,642	160,642
Total Restricted	-	4,765,632	4,765,632
Assigned to			
FY22 appropriations	1,874,955	-	1,874,955
Student Instruction	475,206	-	475,206
Student Staff and Support	775,443	-	775,443
Total Assigned	3,125,604	-	3,125,604
Unassigned (Deficit)	12,349,000	(313,119)	12,035,881
Total Fund Balances	$ 15,647,520	$ 4,474,440	$ 20,121,960

NOTE 20: **TAX ABATEMENTS**

The City of Tiffin was part of multiple Enterprise Zone (EZ) tax abatement agreements with local businesses. Under the authority of ORC Sections 5709.62 and 5709.63, the EZ program is an economic development tool administered by municipal and county governments that provides real and personal property tax exemptions to businesses making investments in Ohio. An EZ is a designated area of land in which businesses can receive tax incentives in the form of tax exemptions on qualifying new investment. An EZ's geographic area is identified by the local government involved in the creation of the zone. Once the zone is defined, the local legislative authority participating in the creation must petition the OSDA. The OSDA must then certify the area for it to become an active Enterprise Zone. The local legislative authority negotiates the terms of the Enterprise Zone Agreement (the “Agreement”) with the business, which may include tax sharing with the Board of Education. Legislation must then be passed to approve the Agreement.

All Agreements must be finalized before the project begins and may contain provisions for the recoupment of taxes should the individual or entity fail to perform. The amount of the abatement is deducted from the business's property tax bill. For the fiscal year 2021, the School District’ s value of the property taxes forgone amount to $4,826.

NOTE 20: **TAX ABATEMENTS** (Continued)

The City of Tiffin entered into multiple property tax abatement agreements with property owners under The Ohio Community Reinvestment Area (CRA) program. Under the authority of Ohio Revised Code (ORC) Section 3735.67, the CRA program is an economic development tool administered by municipal and county governments that provides real property tax exemptions for property owners who renovate existing or construct new buildings. CRA's are areas of land in which property owners can receive tax incentives for investing in real property improvements. Under the CRA program, local governments petition to the Ohio Development Services Agency (ODSA) for confirmation of a geographical area in which investment in housing is desired. Once an area is confirmed by the ODSA, local governments may offer real property tax exemptions to taxpayers that invest in that area. Property owners in the CRA can receive temporary tax abatements for renovation of existing structures and new construction in these areas. Property owners apply to the local legislative authority for approval to renovate or construct in the CRA. Upon approval and certification of completion, the amount of the abatement is deducted from the individual or entity's property tax bill. For tax year 2021, the School District’s value of the property taxes forgone amount to $136,595.

NOTE 21: **COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June of 2021 while the national state of emergency continues. During fiscal year 2021, the District received Coronavirus Relief Funding, ESSER, and Nutrition Cluster programs funding. Additional funding has been made available through the Consolidated Appropriations Act, 2021, passed by Congress on December 21, 2020 and/or the American Rescue Plan Act, passed by Congress on March 11, 2021.

NOTE 22: **SUBSEQUENT EVENT**

For fiscal year 2022, School District foundation funding received from the state of Ohio will be funded using a direct funding model. Under this new model, open enrollment, community school, STEM school and scholarship funding will be directly funded by the State of Ohio to the respective educating schools. For fiscal year 2021 and prior, the amounts related to students who were residents of the School District were funded to the School District who, in turn, made the payment to the educating school. For fiscal year 2021, the School District reported $2,297,970 in excess expenditures over revenue related to these programs. This new funding system calculates a unique base cost and a unique “per-pupil local capacity amount” for each School District. The School District’s state core foundation funding is then calculated. Any change in funding will be subject to a phase in percentage of 16.67 percent for fiscal year 2022 and 33.33 percent for fiscal year 2023.

TIFFIN CITY SCHOOL DISTRICT
SENECA COUNTY, OHIO
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO
LAST EIGHT FISCAL YEARS (1)

	2021	2020	2019	2018
School District's Proportion of the Net Pension Liability	0.1252387%	0.1194159%	0.1133458%	0.1105214%
School District's Proportionate Share of the Net Pension Liability	$ 8,283,550	$ 7,144,863	$ 6,491,523	$ 6,603,409
School District's Covered Payroll	$ 4,432,543	$ 4,160,993	$ 3,889,333	$ 3,562,900
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	186.88%	171.71%	166.91%	185.34%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	68.55%	70.85%	71.36%	69.50%

(1) Information prior to 2014 is not available. Schedule is intended to show ten years of information, and additional information will be displayed as it becomes available.

Amounts presented as of the School District's measurement date which is the prior fiscal period end.

See accompanying notes to the required supplementary information

2017	2016	2015	2014
0.1022243%	0.0971476%	0.093905%	0.093905%
$ 7,481,876	$ 5,543,336	$ 4,752,479	$ 5,584,229
$ 3,142,907	$ 2,924,651	$ 2,728,701	$ 2,690,007
238.06%	189.54%	174.17%	207.59%
62.98%	69.16%	71.70%	65.52%

TIFFIN CITY SCHOOL DISTRICT
SENECA COUNTY, OHIO
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO
LAST EIGHT FISCAL YEARS (1)

	2021	2020	2019	2018
School District's Proportion of the Net Pension Liability	0.10199256%	0.09892473%	0.09561069%	0.09044814%
School District's Proportionate Share of the Net Pension Liability	$ 24,678,571	$ 21,876,609	$ 21,022,643	$ 21,486,150
School District's Covered Payroll	$ 12,557,636	$ 11,612,850	$ 11,137,136	$ 9,988,007
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	196.52%	188.38%	188.76%	215.12%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.48%	77.40%	77.31%	75.30%

(1) Information prior to 2014 is not available. Schedule is intended to show ten years of information, and additional information will be displayed as it becomes available.

Amounts presented as of the School District's measurement date which is the prior fiscal period end.

See accompanying notes to the required supplementary information

2017	2016	2015	2014
0.09178093%	0.09017372%	0.09013556%	0.09013556%
$ 30,721,844	$ 24,921,378	$ 21,924,088	$ 26,115,830
$ 9,725,186	$ 9,408,114	$ 9,209,362	$ 9,789,931
315.90%	264.89%	238.06%	266.76%
66.80%	72.10%	74.70%	69.30%

TIFFIN CITY SCHOOL DISTRICT
SENECA COUNTY, OHIO
SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT CONTRIBUTIONS - PENSION
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO
LAST TEN FISCAL YEARS

	2021	2020	2019	2018
Contractually Required Contribution	$ 598,367	$ 620,556	$ 561,734	$ 525,060
Contributions in Relation to the Contractually Required Contribution	(598,367)	(620,556)	(561,734)	(525,060)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
School District Covered Payroll	$ 4,274,050	$ 4,432,543	$ 4,160,993	$ 3,889,333
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	13.50%	13.50%

See accompanying notes to the required supplementary information

2017	2016	2015	2014	2013	2012
$ 498,806	$ 440,007	$ 385,469	$ 378,198	$ 372,297	$ 390,329
(498,806)	(440,007)	(385,469)	(378,198)	(372,297)	(390,329)
$ -	$ -	$ -	$ -	$ -	$ -
$ 3,562,900	$ 3,142,907	$ 2,924,651	$ 2,728,701	$ 2,690,007	$ 2,902,074
14.00%	14.00%	13.18%	13.86%	13.84%	13.45%

TIFFIN CITY SCHOOL DISTRICT
SENECA COUNTY, OHIO
SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT CONTRIBUTIONS - PENSION
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO
LAST TEN FISCAL YEARS

	2021	2020	2019	2018
Contractually Required Contribution	$ 1,752,808	$ 1,758,069	$ 1,625,799	$ 1,559,199
Contributions in Relation to the Contractually Required Contribution	(1,752,808)	(1,758,069)	(1,625,799)	(1,559,199)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
School District Covered Payroll	$ 12,520,057	$ 12,557,636	$ 11,612,850	$ 11,137,136
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%

See accompanying notes to the required supplementary information

2017	2016	2015	2014	2013	2012
$ 1,398,321	$ 1,361,526	$ 1,317,136	$ 1,197,217	$ 1,272,691	$ 1,361,416
(1,398,321)	(1,361,526)	(1,317,136)	(1,197,217)	(1,272,691)	(1,361,416)
$ -	$ -	$ -	$ -	$ -	$ -
$ 9,988,007	$ 9,725,186	$ 9,408,114	$ 9,209,362	$ 9,789,931	$ 10,472,431
14.00%	14.00%	14.00%	13.00%	13.00%	13.00%

TIFFIN CITY SCHOOL DISTRICT
SENECA COUNTY, OHIO
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO
LAST FIVE FISCAL YEARS (1)

	2021	2020	2019	2018	2017
School District's Proportion of the Net OPEB Liability	0.1296790%	0.1216520%	0.1144820%	0.1113918%	0.1029457%
School District's Proportionate Share of the Net OPEB Liability	$ 2,818,349	$ 3,059,291	$ 3,176,040	$ 2,989,463	$ 2,934,333
School District's Covered Payroll	$ 4,432,543	$ 4,160,993	$ 3,889,333	$ 3,562,900	$ 3,142,907
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	63.58%	73.52%	81.66%	83.91%	93.36%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	18.17%	15.57%	13.57%	12.46%	11.49%

(1) Information prior to 2017 is not available. Schedule is intended to show ten years of information, and additional information will be displayed as it becomes available.

Amounts presented as of the School District's measurement date, which is the prior fiscal year end.

See accompanying notes to the required supplementary information

TIFFIN CITY SCHOOL DISTRICT
SENECA COUNTY, OHIO
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY/ASSET
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO
LAST FIVE FISCAL YEARS (1)

	2021	2020	2019	2018	2017
School District's Proportion of the Net OPEB Liability/Asset	0.10199256%	0.09892473%	0.09561069%	0.09044814%	0.09178093%
School District's Proportionate Share of the Net OPEB Liability/(Asset)	$ (1,792,517)	$ (1,638,432)	$ (1,536,367)	$ 3,528,952	$ 4,908,468
School District's Covered Payroll	$ 12,557,636	$ 11,612,850	$ 11,137,136	$ 9,988,007	$ 9,725,186
School District's Proportionate Share of the Net OPEB Liability/Asset as a Percentage of its Covered Payroll	-14.27%	-14.11%	-13.79%	35.33%	50.47%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability/Asset	182.10%	174.74%	176.00%	47.11%	37.30%

(1) Information prior to 2017 is not available. Schedule is intended to show ten years of information, and additional information will be displayed as it becomes available.

Amounts presented as of the School District's measurement date, which is the prior fiscal year end.

See accompanying notes to the required supplementary information

TIFFIN CITY SCHOOL DISTRICT
SENECA COUNTY, OHIO
SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT CONTRIBUTIONS - OPEB
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO
LAST TEN FISCAL YEARS

	2021	2020	2019	2018
Contractually Required Contribution (1)	$ 78,930	$ 81,980	$ 91,656	$ 79,042
Contributions in Relation to the Contractually Required Contribution	(78,930)	(81,980)	(91,656)	(79,042)
Contribution Deficiency (Excess)	-	-	-	-
School District Covered Payroll	$ 4,274,050	$ 4,432,543	$ 4,160,993	$ 3,889,333
OPEB Contributions as a Percentage of Covered Payroll (1)	1.85%	1.85%	2.20%	2.03%

(1) Includes Surcharge

See accompanying notes to the required supplementary information

2017	2016	2015	2014	2013	2012
$ 72,420	$ 49,313	$ 70,059	$ 49,047	$ 46,981	$ 62,451
(72,420)	(49,313)	(70,059)	(49,047)	(46,981)	(62,451)
-	-	-	-	-	-
$ 3,562,900	$ 3,142,907	$ 2,924,651	$ 2,728,701	$ 2,690,007	$ 2,902,074
2.03%	1.57%	2.40%	1.80%	1.75%	2.15%

TIFFIN CITY SCHOOL DISTRICT
SENECA COUNTY, OHIO
SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT CONTRIBUTIONS - OPEB
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO
LAST TEN FISCAL YEARS

	2021	2020	2019	2018
Contractually Required Contribution	$ -	$ -	$ -	$ -
Contributions in Relation to the Contractually Required Contribution	-	-	-	-
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
School District Covered Payroll	$ 12,520,057	$ 12,557,636	$ 11,612,850	$ 11,137,136
Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%

See accompanying notes to the required supplementary information

2017	2016	2015	2014	2013	2012
$ -	$ -	$ -	$ 92,094	$ 97,899	$ 104,724
-	-	-	(92,094)	(97,899)	(104,724)
$ -	$ -	$ -	$ -	$ -	$ -
$ 9,988,007	$ 9,725,186	$ 9,408,114	$ 9,209,362	$ 9,789,931	$ 10,472,431
0.00%	0.00%	0.00%	1.00%	1.00%	1.00%

Net Pension Liability

Changes of benefit terms- SERS

There were no changes in benefit terms from the amounts reported for fiscal years 2014-2017 and 2019-2021.

The following changes were made to the benefit terms in 2018 as identified: The COLA was changed from a fixed 3.00% to a COLA that is indexed to CPI-W not greater than 2.5% with a floor of 0% beginning January 1, 2018. In addition, with the authority granted the Board under HB 49, the Board has enacted a three-year COLA suspension for benefit recipients in calendar years 2018-2020.

Changes in assumptions- SERS

There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2016 and 2018-2021. For fiscal year 2017, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) Rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females, (f) mortality among service retired members, and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates and (g) mortality among disable member was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement (h) change in discount rate from 7.75% to 7.5%.

Changes in benefit terms – STRS

There were no changes in benefit terms from the amounts reported for fiscal years 2014-2021.

Changes in assumptions – STRS

There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2017 and 2019-2021. For fiscal year 2018, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) inflation assumption lowered from 2.75% to 2.50%, (b) investment return assumption lowered from 7.75% to 7.45%, (c) total salary increases rates lowered by decreasing the merit component of the individual salary increases, as well as by 0.25% due to lower inflation, (d) payroll growth assumption lowered to 3.00%, (e) updated the healthy and disable mortality assumption to the “RP-2014” mortality tables with generational improvement scale MP-2016, (f) rates of retirement, termination and disability were modified to better reflect anticipated future experience.

Net OPEB Liability

Changes of benefit terms- SERS

There were no changes in benefit terms from the amounts reported for fiscal years 2018-2020.

Changes in Assumptions – SERS

Amounts reported for fiscal years 2018-2021 incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

Municipal Bond Index Rate:	
Fiscal year 2021	2.45 percent
Fiscal year 2020	3.13 percent
Fiscal year 2019	3.62 percent
Fiscal year 2018	3.56 percent
Fiscal year 2017	2.92 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Fiscal year 2021	2.63 percent
Fiscal year 2020	3.22 percent
Fiscal year 2019	3.70 percent
Fiscal year 2018	3.63 percent
Fiscal year 2017	2.98 percent
Medicare Trend Assumption	
Medicare	
Fiscal year 2020	5.25 percent decreasing to 4.75 percent
Fiscal year 2019	5.375 percent decreasing to 4.75 percent
Fiscal year 2018	5.50 percent decreasing to 5.00 percent
Pre - Medicare	
Fiscal year 2020	7.00 percent decreasing to 4.75 percent
Fiscal year 2019	7.25 percent decreasing to 4.75 percent
Fiscal year 2018	7.50 percent decreasing to 5.00 percent

Changes in Assumptions – STRS

For fiscal year 2018, the discount rate was increased from 3.26 percent to 4.13 percent based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB) and the long term expected rate of return was reduced from 7.75 percent to 7.45 percent. Valuation year per capita health care costs were updated, and the salary scale was modified. The percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased. The assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

For fiscal year 2019, the discount rate was increased from the blended rate of 4.13 percent to the long-term expected rate of return of 7.45.

For fiscal year 2020 and 2021, the health care cost trend rates were modified.

Changes in Benefit Terms – STRS

For fiscal year 2018, the subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1 percent to 1.9 percent per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2020.

For fiscal year 2019, the subsidy multiplier for non-Medicare benefit recipients was increased from 1.9 percent to 1.944 percent per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased effective January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020.

For fiscal year 2020, claims curves were trended to the fiscal year ending June 30, 2020 to reflect the current price renewals. The non-Medicare subsidy percentage was increased effective January 1, 2020 from 1.944% to 1.984 per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1,2021 to 2.1% for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.

For fiscal year 2021, Claim curves were updated to reflect the projected fiscal year end 2021 premium based on June 30, 2020 enrollment distribution. The non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984% to 2.055% per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2021. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.

TIFFIN CITY SCHOOL DISTRICT
SENECA COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

FEDERAL GRANTOR *Pass Through Grantor* Program / Cluster Title	Federal CFDA Number	Provided Through to Subrecipients	Total Federal Expenditures
UNITED STATES DEPARTMENT OF AGRICULTURE			
Passed Through Ohio Department of Education			
Child Nutrition Cluster:			
School Breakfast Program			
Cash Assistance	10.553		$ 129,794
COVID-19 Cash Assistance	10.553		31,958
Total School Breakfast Program			161,752
National School Lunch Program			
Non-Cash Assistance (Food Distribution)	10.555		57,552
Cash Assistance	10.555		449,431
COVID-19 Cash Assistance	10.555		72,521
Total National School Lunch Program			579,504
Total Child Nutrition Cluster			741,256
Child and Adult Care Food Program	10.558		3,389
Total U.S. Department of Agriculture			744,645
UNITED STATES DEPARTMENT OF TREASURY			
Passed Through Ohio Department of Education			
COVID-19 Coronavirus Relief Fund	21.019		187,510
Total U.S. Department of Treasury			187,510
UNITED STATES DEPARTMENT OF EDUCATION			
Passed Through Ohio Department of Education			
Title I Grants to Local Educational Agencies	84.010	$ 80,075	874,367
Special Education Cluster (IDEA):			
Special Education Grants to States	84.027		673,163
Special Education Preschool Grants	84.173		13,900
Total Special Education Cluster (IDEA)			687,063
Twenty-First Century Community Learning Centers	84.287		196,196
English Language Acquisition State Grants	84.365	8,355	8,355
Supporting Effective Instruction State Grants	84.367		63,019
Student Support and Academic Enrichment Program	84.424		27,931
COVID-19 Elementary and Secondary School Emergency Relief Fund	84.425D		1,484,279
Total U.S. Department of Education		88,430	3,341,210
UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed Through Ohio Department of Job and Family Services			
COVID-19 Child Care and Development Block Grant	93.575		21,483
Total U.S. Department of Health and Human Services			21,483
THE INSTITUTE OF MUSEUM AND LIBRARY SERVICES			
Passed Through Ohio State Library			
COVID-19 Grants to States	45.310		3,000
Total Institute of Museum and Library Services			3,000
Total Expenditures of Federal Awards		**$ 88,430**	**$ 4,297,848**

The accompanying notes are an integral part of this schedule.

TIFFIN CITY SCHOOL DISTRICT
SENECA COUNTY

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Tiffin City School District, Seneca County, Ohio (the District) under programs of the federal government for the year ended June 30, 2021. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, or changes in net position of the District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

NOTE C – INDIRECT COST RATE

The District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE D – SUBRECIPIENTS

The District passes certain federal awards received from the Ohio Department of Education (ODE) to other governments or not-for-profit agencies (subrecipients). As Note B describes, the District reports expenditures of Federal awards to subrecipients when paid in cash.

As a subrecipient, the District has certain compliance responsibilities, such as monitoring its subrecipients to help assure they use these subawards as authorized by laws, regulations, and the provisions of contracts or grant agreements, and that subrecipients achieve the award's performance goals.

NOTE E – CHILD NUTRITION CLUSTER

The District commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the District assumes it expends federal monies first.

NOTE F – FOOD DONATION PROGRAM

The District reports commodities consumed on the Schedule at the fair value. The District allocated donated food commodities to the respective program that benefitted from the use of those donated food commodities.

NOTE G – TRANSFERS BETWEEN PROGRAM YEARS

Federal regulations require schools to obligate certain federal awards by June 30. However, with ODE's consent, schools can transfer unobligated amounts to the subsequent fiscal year's program. The District transferred the following amounts from 2021 to 2022 programs:

Program Title	CFDA Number	Amt. Transferred
Title I Grants to Local Educational Agencies	84.010	$ 71,384
Special Education Grants to States	84.027	121,220
Special Education Preschool Grants	84.173	15,342
Twenty-First Century community Learning Centers	84.287	43,661
Supporting Effective Instruction State Grants	84.367	37,918
Student Support and Academic Enrichment Program	84.424	20,174
Education Stabilization Fund	84.425	19,612

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OHIO AUDITOR OF STATE
KEITH FABER

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Tiffin City School District
Seneca County
244 South Monroe Street
Tiffin, Ohio 44883

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Tiffin City School District, Seneca County, Ohio (the District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated April 18, 2022, wherein we noted the District adopted Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. We also noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the District.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the District's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the District's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the financial statements. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

Keith Faber
Auditor of State
Columbus, Ohio

April 18, 2022

OHIO AUDITOR OF STATE
KEITH FABER

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Tiffin City School District
Seneca County
244 South Monroe Street
Tiffin, Ohio 44883

To the Board of Education:

Report on Compliance for Each Major Federal Program

We have audited Tiffin City School District, Seneca County, Ohio's (the District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect each of Tiffin City School District's major federal programs for the year ended June 30, 2021. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the District's major federal programs.

Management's Responsibility

The District's Management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to opine on the District's compliance for each of the District's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on each of the District's major programs. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

In our opinion, Tiffin City School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

The District’s management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the District’s internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program’s compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the District’s internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program’s applicable compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program’s applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of our internal control over compliance tests and the results of this testing based on Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.

Keith Faber
Auditor of State
Columbus, Ohio

April 18, 2022

TIFFIN CITY SCHOOL DISTRICT
SENECA COUNTY

SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2021

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	**Type of Financial Statement Opinion**	Unmodified
(d)(1)(ii)	**Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(ii)	**Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(iii)	**Was there any reported material noncompliance at the financial statement level (GAGAS)?**	No
(d)(1)(iv)	**Were there any material weaknesses in internal control reported for major federal programs?**	No
(d)(1)(iv)	**Were there any significant deficiencies in internal control reported for major federal programs?**	No
(d)(1)(v)	**Type of Major Programs' Compliance Opinion**	Unmodified
(d)(1)(vi)	**Are there any reportable findings under 2 CFR § 200.516(a)?**	No
(d)(1)(vii)	**Major Programs (list):**	Elementary and Secondary School Emergency Relief Fund – CFDA #84.425D Child Nutrition Cluster
(d)(1)(viii)	**Dollar Threshold: Type A\B Programs**	Type A: > $ 750,000 Type B: all others
(d)(1)(ix)	**Low Risk Auditee under 2 CFR § 200.520?**	No

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

None

3. FINDINGS FOR FEDERAL AWARDS

None

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Office of the Treasurer
Sharon S. Perry

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
2 CFR 200.511(b)
JUNE 30, 2021

Finding Number	Finding Summary	Status	Additional Information
2020-001	Finding was first reported in our audit of the fiscal year 2019 financial statements. Noncompliance and material weakness over 2 CFR § 400.1, 2 CFR § 200.318(a) and 2 CFR § 200.320(b) for not following the District's procurement policy to obtain quotes for the Child Nutrition Cluster.	Fully corrected.	

OHIO AUDITOR OF STATE
KEITH FABER

TIFFIN CITY SCHOOL DISTRICT

SENECA COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.

Certified for Release 5/10/2022

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